

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING  
JUNE 24, 2015  
APPLICATION SUMMARY**

**NAME OF PROJECT:** Turner Surgery Center

**PROJECT NUMBER:** CN1503-009

**ADDRESS:** 28 White Bridge Road, Suite 210  
Nashville (Davidson County), Tennessee 37205

**LEGAL OWNER:** Turner Surgery Center, LLC  
28 White Bridge Road, Suite 210  
Nashville (Davidson County), Tennessee 37205

**OPERATING ENTITY:** Not Applicable

**CONTACT PERSON:** Dan Elrod, Esquire  
(615) 651-6702

**DATE FILED:** March 13, 2015

**PROJECT COST:** \$547,150.00

**FINANCING:** Cash Flow/Reserves

**PURPOSE OF REVIEW:** The establishment of a single specialty ambulatory surgical treatment center (ASTC) with one (1) procedure room limited to pain management procedures

**DESCRIPTION:**

Turner Surgery Center is seeking approval to establish a single specialty ambulatory surgical treatment center (ASTC) containing one procedure room limited to the implantation of spinal neurostimulator devices and other pain management procedures at 28 White Bridge Road, Suite 210, Nashville (Davidson County), TN 37205.

## SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Ambulatory Surgical Treatment Centers (*Revised May 23, 2013*)

*The following apply:*

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.<sup>2</sup> An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

*The applicant is projecting 216 cases in Year One (2015) and 288 cases in Year Two (2016) based on using the proposed ASTC two days per month. In Year Two the applicant will not meet the minimum requirement of 1,867 cases per procedure room. The applicant is proposing a specialty ASTC with cases limited to spinal cord neurostimulators and other pain management procedures. In the future, the applicant may expand use of the facility to other physicians to perform spinal injections and other pain management procedures on their patients.*

*It appears this criterion has not been met.*

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

*Based on an average of 55 total minutes per procedure, the projected surgical hours will be 3.80 hours per week or 198 hours in Year One, and 5.07 hours per week or 264 hours in Year Two.*

*It appears this criterion has been met.*

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available<sup>3</sup>) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

*The applicant has provided a utilization table of all ASTCs in the proposed service area for 2011, 2012 and 2013. The tables are located in Attachment C, Need-5.*

*It appears this criterion has been met.*

***Note to Agency members: Agency staff has reviewed 2014 ASTC Joint Annual Report Data that has been published since the completeness of this application. The revised 2014 data is included in this summary.***

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

**Note to Agency members:**

**For a dedicated outpatient operating room:**

- Full Capacity is defined as 1,263 cases per year.
- Optimum Capacity is defined as 70% of full capacity, or 884 cases per year.

**For a dedicated outpatient procedure room:**

- Full Capacity is defined as 2,667 cases per year.
- Optimum capacity is defined as 70% of full capacity, or 1,867 case per year.

There are a total of four single-specialty pain management ASTCs in the proposed service area (3 in Davidson County and 1 in Rutherford County). The proposed service area single-specialty pain management ASTCs representing 3 operating rooms (ORs) and 6.33 procedure rooms (PRs) provided 14,238 cases in 2014 and averaged 1,526 cases or 81.7% of the optimum utilization standard. Please refer to the table below.

**Note to Agency Members:** HSDA staff contacted the two specialty pain management ASTCs representing the three (3) ORs and verified the three (3) ORs are being used as procedure rooms. For purposes of this review, it is typical for single specialty pain management ASTCs to use only non-sterile procedure rooms. HSDA staff classified the 3 ORs as procedure rooms using the 1,867 cases per procedure room optimum utilization standard in determining need.

*Single Specialty ASTC Operating and Procedure Room Utilization in the 3 County Service Area*

ASTC	County	# ORs/PRs	Cases	# Cases per PR	% of meeting Optimum Standard of 1,867 per room
Premier Radiology Pain Management	Davidson	0/2	2,087	1,044	55.9%
St. Thomas Outpatient Neurosurgical Ctr.	Davidson	2/1	3,890	1,297	69.4%
Tennessee Pain Surgery Ctr.	Davidson	1/3	8,169	2,042	109%
*Spine and Pain Surgery Center, LLC	Rutherford	0/1 *(.33)	92	92	14.9%
<b>Total</b>		<b>3/6.33=9.33</b>	<b>14,238</b>	<b>1,526</b>	<b>81.7%</b>

Source: Tennessee Department of Health, Division of Health Statistics, 2014 Joint Annual Reports

\*Spine and Pain Surgery Center, LLC, (formerly Interventional Pain Physicians Surgery Center) opened on March 1, 2014 and reported 92 cases for the quarter 3/1/2014 to 6/30/2014 only in the 2014 JAR.

\*\*Since the Spine and Pain Surgery Center was only open for 122 days in 2014, the 1 PR counts as .33 (121 days/365 days)

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*There are a total of 10 multi-specialty ASTCs performing pain management in the service area representing a total of 51 ORs and 11 procedure rooms. The 10 multi-specialty ASTCs provided 6,015 pain management surgical cases representing 12.4% of overall surgical procedures in 2014 for multi-specialty ASTCs providing pain management services. HSDA staff calculated 2014 service area utilization at 32.9% of optimum utilization capacity (1,867 Cases per Procedure Room), and 92.3% of optimum utilization capacity for operating rooms (884 Cases per Operating Room).*

*Since neither the single specialty nor the multi-specialty ASTCs are meeting the optimum utilization standard, it appears that this criterion has not been met.*

***Note to Agency members:** There were reporting errors in the 2014 Spine and Pain Surgery Center 2014 Joint Annual Report regarding the number of Operating Rooms and Procedure rooms. HSDA staff contacted the Spine and Pain Surgery Center on June 4, 2015 and clarified there is only one procedure room. A representative of Spine and Surgery Center stated for 2015 the ASTC is now averaging 100 cases per month and projects an additional 50 cases per month when additional payers are added.*

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

*216 cases are projected in Year One and 288 cases in Year Two based on 2 days per month. All cases will be performed in a procedure room. Single specialty pain management ASTCs in the service area representing 3 ORs and 6.33 PRs were utilized at 81.7% in 2014 when using the optimal utilization standard (1,867 cases per procedure room).*

*There are a total of 10 multi-specialty ASTCs performing pain management in the service area representing a total of 51 ORs and 11 procedure rooms. The 10 multi-specialty ASTCs provided 6,015 pain management surgical cases representing 12.4% of overall surgical procedures in 2014 for multi-specialty ASTCs providing pain management services. HSDA staff calculated 2014 PR service area utilization at 32.9% using the optimum utilization standard (1,867 Cases per Procedure Room), and 92.3% for ORs using the OR optimum utilization standard (884 Cases per Operating Room).*

*Since neither the single specialty nor the multi-specialty ASTCs are meeting the optimum utilization standard, it appears that this criterion has not been met.*

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

*The majority of patients reside within 60 minutes of the facility.*

*It appears this criterion has been met.*

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available

*Metro-Davidson County public transportation is available.*

*It appears this criterion has been met.*

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*The majority of patients originate in Davidson, Rutherford and Wilson Counties which constitute approximately 50% of Dr. Schooley's patients (Davidson - 19%; Rutherford - 24%; Wilson - 7%). The applicant provided a patient origin chart*

*in Attachment C, Need 1.b.(8), detailing the patient origin of Dr. Schooley's patients from July 1, 2014 to December 1, 2014.*

*It appears this criterion has been met.*

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*Projected utilization ranges from 54 cases in the first quarter to 72 cases in the eighth quarter. The applicant assumes the projected annual utilization will be distributed evenly throughout the year. The projection is based solely on Dr. Schooley's analysis and judgment regarding his patients.*

*It appears this criterion has been met.*

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care (AAAHC), the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

*The applicant will apply for accreditation by the Accreditation Association of Ambulatory Health Care (AAAHC).*

*It appears this criterion has been met.*

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

*The facility is planned to be only used by Dr. Schooley to implant spinal neurostimulators for pain management.*

*It appears this criterion has been met.*

- 11 Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

*The following are medically underserved designated areas in the proposed 3 county service area: 1) all of Wilson County, 2) the Christiana Division of Rutherford County, and 3) the Bordeaux/Inglewood Division and 20 census tracts located within Davidson County.*

*It appears this criterion has been met.*

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

*Since the applicant is not a hospital, this standard is not applicable to this proposed project.*

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*Currently over 40% of the applicant's private practice are enrolled in TennCare. The applicant intends to contract with all MCOs that serve within the Middle Tennessee region.*

*It appears this criterion has been met.*

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

*Not applicable. The proposed pain invention procedures will average 55 minutes.*



## STAFF SUMMARY

*Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.*

The applicant, Turner Surgery Center, LLC, seeks to establish a specialty ASTC limited to the implantation of spinal cord neurostimulators and other pain management procedures 2 days per month. Turner Surgery Center, LLC, is owned by Dr. William Schooley, a board certified neurosurgeon. Currently, Dr. Schooley practices in the group Neurosurgical Associates, a group of 6 neurosurgeons with their principal office located at 2400 Patterson Street, Nashville (Davidson County), TN which is in close proximity to HCA TriStar Centennial Medical Center. Dr. Schooley is the only neurosurgeon of Neurosurgical Associates that performs outpatient surgical procedures to implant spinal cord neurostimulators for pain management.

In the future, Dr. Schooley and other physicians, including the 5 remaining neurosurgeons of Neurological Associates, plans to possibly use the proposed ASTC to perform spinal injection procedures and other pain management procedures on their patients.

The proposed ASTC will occupy vacated space formerly occupied by MUA of Middle Tennessee. MUA of Middle Tennessee, LLC (CN1009-045A), was originally approved at the December 15, 2010 Agency meeting for the establishment of a single-specialty one procedure room ambulatory treatment center (ASTC) providing only manipulation under anesthesia services.

*Note to Agency Members: A letter dated March 4, 2015 from the Tennessee Department of Health confirms the closing of MUA of Middle Tennessee, LLC. The licensure file for MUA of Middle Tennessee, LLC closed effective February 28, 2015.*

An overview of the project is provided on pages 4-5 of the original application.

### **Need**

Dr. Schooley currently has privileges at Centennial Surgery Center (CSC) and is basing the need for this project on the following:

- Some of Dr. Schooley's patients are reluctant to use CSC because it is located in a congested, high traffic area.
- Dr. Schooley has experienced difficulty in scheduling cases at CSC because the types of procedures he performs are a low priority for CSC.

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- Medtronic devices are strongly preferred by Dr. Schooley; at CSC Dr. Schooley states he has no control over the staff or type of neurostimulator device that is available for his patients.

*Note to Agency Members: In 2014, Centennial Surgery Center, a multi-specialty ASTC performed 6,774 total outpatient cases of which 594 or 8.7% were pain management cases. From 2012 to 2014, CSC experienced a 62% decrease in pain management cases from 1,569 in 2012, to 594 in 2014. Please refer to the service area Historical Capacity and Utilization of Multi-Specialty Pain Management ASTCs chart on page 12 of this summary for additional information and a comparative analysis.*

### **Ownership**

Turner Surgery Center, LLC is a Tennessee registered limited liability company (LLC) formed December 8, 2014. Turner Surgery Center, LLC is solely owned by William Schooley, MD. A curriculum vita (CV) for Dr. William Schooley is located in Attachment B.I.

### **Facility Information**

- Turner Surgery Center will lease 1,980 square feet of floor space of an existing office building located at 28 White Bridge Road, Suite 210, Nashville (Davidson County), Tennessee 37205, from NOL, LLC.
- A floor plan drawing is included in Attachment B.IV. – Floor Plan.

### **Equipment**

- There is no major medical equipment involved with this project. The applicant will lease a Fluoroscopy C-Arm for \$104,150.00. A certificate of need is not required for this equipment since the cost is under \$2,000,000.

### **Service Area Demographics**

Turner Surgery Center's declared primary service area is Davidson, Rutherford, and Wilson counties.

- The total population of the service area is estimated at 1,091,860 residents in calendar year (CY) 2015 increasing by approximately 6.5% to 1,162,789 residents in CY 2019.
- The total 65+ age population is estimated at 124,675 residents in CY 2015 increasing approximately 17.4% to 146,369 residents in 2019.
- The overall statewide population is projected to grow by 3.7% from 2015 to 2019.
- The 65+ age population in the state of Tennessee overall is expected to increase 12.0% during the same timeframe.

- The latest 2015 percentage of the proposed service area population enrolled in the TennCare program is approximately 18.6%, as compared to the statewide enrollment proportion of 21%.

*Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.*

### Service Area Historical Utilization

The table below reflects the utilization trends for single-specialty ASTCs limited to pain management.

### Historical Capacity and Utilization of Single-Specialty Pain Management ASTCs within 3 Co. Service Area

County	ASTC	ORs/PRs 2014	2012 Cases	2013 Cases	2014 Cases	% change 12'-14'
Davidson	Premier Radiology Pain Management (Single Specialty)	0/2	0/2	0/2	0/2	
	<b>Total Outpatient Surgery Cases</b>		<b>3,196</b>	<b>2,634</b>	<b>2,087</b>	<b>-34.6%</b>
Davidson	St. Thomas Outpatient Neurosurgical Ctr.	2/1	2/1	2/1	2/1	
	<b>Total Outpatient Surgery Cases</b>		<b>5,465</b>	<b>3,198</b>	<b>3,890</b>	<b>-28.8%</b>
Davidson	Tennessee Pain Surgery Ctr.	1/3	1/3	1/3	1/3	
	<b>Total Outpatient Surgery Cases</b>		<b>8,960</b>	<b>9,985</b>	<b>8,169</b>	<b>-8.8%</b>
Rutherford	Spine and Pain Surgery Center, LLC	0/1 (.33)*			0/1	
	<b>Total Outpatient Surgery Cases</b>		<b>n/a</b>	<b>n/a</b>	<b>92</b>	<b>n/a</b>
	<b>Service Area Totals</b>	<b>3/ 6.33 = 9.33</b>				
	OR/PR		3/6=9	3/6=9	3/6.33=9.33	n/a
	Total Pain Management Surgery Cases		17,621	15,817	14,238	-19.2%
	Cases per OR/PR		1,957	1,757	1,526	-22%

*Source: Tennessee Department of Health, Division of Health Statistics, 2012-2014 Joint Annual Reports*

*\* Spine and Pain Surgery Center, LLC, (formerly Interventional Pain Physicians Surgery Center) opened on March 1, 2014 and reported 92 cases for the time period 3/1/2014 to 6/30/2014 in the 2014 JAR.*

*\*\*Since the Spine and Pain Surgery Center was only open for 122 days in 2014, the 1 PR counts as .33 (121 days/365 days)*

- In 2014 there were four single specialty ASTCs providing pain management services.
- There was a 19.2% decrease in total single-specialty pain management ASTC surgeries cases in the service area from 17,621 in 2012 to 14,238 in 2014.
- The three single-specialty pain management ASTCs reporting for the time period of 2012 to 2014 all reported a decrease in cases ranging from 8.8% to 34.6%.

## Historical Capacity and Utilization of Multi-Specialty ASTCs within 4 Co. Service Area

			2012 (Final)	2013 (Final)	2014 (Final)		
County	ASTC	OR. Rms/ Proc. Rms	Cases	Cases	Cases	PM % of Total	% change 12'-14'
Davidson	Baptist Ambulatory Surgery Center	6/1					
	Pain Management		1,178	1,341	1,381	19.5%	+17.2%
	<b>Total Outpatient Cases</b>		<b>7,443</b>	<b>7,137</b>	<b>7,068</b>		<b>-5%</b>
Davidson	Baptist Plaza Surgicare	9/1					
	Pain Management		340	398	459	5.6%	+35%
	<b>Total Outpatient Cases</b>		<b>8,215</b>	<b>8,094</b>	<b>8,094</b>		<b>-1.5%</b>
Davidson	Centennial Surgery Center	6/2					
	Pain Management		1,569	1,035	594	8.7%	-62%
	<b>Total Outpatient Cases</b>		<b>7,491</b>	<b>7,214</b>	<b>6,774</b>		<b>-9.6%</b>
Davidson	Northridge Surgery Center	5/2					
	Pain Management		296	254	232	8.7%	-21.6%
	<b>Total Outpatient Cases</b>		<b>2,863</b>	<b>2,954</b>	<b>2,650</b>		<b>-7.4%</b>
Davidson	Premier Orthopaedic Surgery Center	2/0					
	Pain Management		143	659	587	23.1%	+310%
	<b>Total Outpatient Cases</b>		<b>2,277</b>	<b>2,485</b>	<b>2,543</b>		<b>+11.7%</b>
Davidson	St. Thomas Campus Surgicare	6/1					
	Pain Management		1,624	1,407	970	16%	-40%
	<b>Total Outpatient Cases</b>		<b>7,446</b>	<b>7,137</b>	<b>6,078</b>		<b>-18.4%</b>
Davidson	Summit Surgery Center	5/1					
	Pain Management		1,057	869	520	9.7%	-50.8%
	<b>Total Outpatient Cases</b>		<b>5,775</b>	<b>5,474</b>	<b>5,339</b>		<b>-5.7%</b>
Rutherford	Middle Tennessee ASTC	6/1					
	Pain Management		597	638	666	10.6%	+11.5%
	<b>Total Outpatient Cases</b>		<b>6,490</b>	<b>6,552</b>	<b>6,275</b>		<b>-3.3%</b>
Rutherford	Physicians Pavilion Surgery Center	4/1					
	Pain Management		833	543	551	19.5%	-33.8%
	<b>Total Outpatient Cases</b>		<b>2,864</b>	<b>3,032</b>	<b>2,823</b>		<b>-1.4%</b>
Wilson	Providence Surgery Center	2/1					
	Pain Management		88	6	55	7.7%	-37.5%
	<b>Total Outpatient Cases</b>		<b>667</b>	<b>771</b>	<b>707</b>		<b>+6.0%</b>
	<b>Service Area Totals</b>						
	OR/PR		51/11=62	51/11=62	51/11=62		
	Pain Management		7,725	7,150	6,015	12.4%	-22.4%
	<b>Total Outpatient Cases</b>		<b>51,531</b>	<b>50,850</b>	<b>48,351</b>		<b>-6.2%</b>
	Cases per OR/PR		831	820	780		-6.1%

Source: Tennessee Department of Health, Division of Health Statistics, 2012-2014 Joint Annual Reports

The above utilization table reflects the following for multi-specialty ASTCs performing pain management services:

- In 2014 there were ten (10) multi-specialty ASTCs in the service area providing pain management services.
- Total multi-surgery pain management surgical cases decreased 22.4% from 7,725 in 2012 to 6,015 in 2014.

- 6.1% decrease overall in cases per OR/PR in multi-specialty ASTCs from 831 in 2012 to 780 in 2014.

### 2014 Service Area Multi-Specialty Utilization Analysis

County	ASTC	# Operating Rooms	Operating Room Cases	% of 884 OR Standard	# Procedure Rooms	Procedure Room Cases	% of 1,867 Standard
Davidson	Baptist Ambulatory Surgery Center	6	5,687	107.2%	1	1,381	74%
Davidson	Baptist Plaza Surgicare	9	7,635	96%	1	459	24.6%
Davidson	Centennial Surgery Center	6	4,973	93.8%	2	1,801	48.2%
Davidson	Northridge Surgery Center	5	2,290	51.8%	2	360	9.6%
Davidson	Premier Orthopaedic Surgery Center	2	2,543	143.8%	0	0	n/a
Davidson	St. Thomas Campus Surgicare	6	5,108	96.3%	1	970	52%
Davidson	Summit Surgery Center	5	4,826	109.2%	1	513	27.5%
Rutherford	Middle Tennessee ASTC	6	5,609	106%	1	666	35.7%
Rutherford	Physicians Pavilion Surgery Center	4	2,272	64.4%	1	551	29.5%
Wilson	Providence Surgery Center	2	652	36.8%	1	55	3%
	<b>Service Area Totals</b>	<b>51</b>	<b>41,595</b>	<b>92.3%</b>	<b>11</b>	<b>6,756</b>	<b>32.9%</b>
	<b>Cases per OR</b>		<b>815</b>		<b>Cases per PR</b>	<b>614</b>	

Source: Tennessee Department of Health, Division of Health Statistics, 2014 Joint Annual Reports

- 2014 service area utilization calculated at 32.9% using 1,867 Cases per Procedure Room, and 92.3% for operating rooms using the 884 Cases per Operating Room standard as the baseline numbers for purposes of determining need as a percentage of optimum utilization.
- Cases per multi-specialty OR calculated at 815 (884 optimum utilization standard) and 614 (1,867 optimum utilization standard) per procedure room, both below the optimum utilization standard.

## **Project Cost**

Major costs are:

- Facility Lease- \$330,000, or 60.3% of cost.
- C-Arm Equipment Lease- \$104,150, or 19% of the total cost.
- For other details on Project Cost, see the Project Cost Chart on page 20 of the application.

## **Financing**

- A letter dated March 19, 2015 from the accounting firm Medical Practice Management, Inc. indicates the applicant has more than sufficient cash flow from ownership in Neurological Associates to cover the capital equipment and operational needs of the proposed project.
- In addition, an unaudited personal financial statement provided by Dr. Schooly located in Attachment C, Economic Feasibility, 2 reflected net worth of \$2,785,462.

## **Historical Data Chart**

Since the applicant is applying for the establishment of an ASTC, a historical data chart did not apply.

## **Projected Data Chart**

The applicant projects \$1,375,557.00 in total gross revenue on 216 cases during the first year of operation and \$1,834,076 on 288 cases in Year Two (approximately \$6,368 per case). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$239,764 in Year One increasing to \$468,531 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach \$821,666 or approximately 44.8% of total gross revenue in Year Two.
- Charity care at approximately 1.2% of total gross revenue in Year One and in Year Two equaling to \$16,507 and \$22,009, respectively.
- Charity Care calculates to 2.60 cases in Year One and 3.46 cases in Year Two.

## **Charges**

In Year One of the proposed project, the average pain management charges are as follows:

- The proposed average gross charge is \$6,368/case in 2015.
- The average deduction is \$3,515/case, producing an average charge of \$2,853/case.

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**Medicare/TennCare Payor Mix**

- TennCare- Charges will equal \$547,720 in Year One representing 39.8% of total gross revenue.
- Medicare- Charges will equal \$299,940 in Year One representing 21.8% of total gross revenue.

**Staffing**

The applicant's proposes to use the following clinical staff two days per month, 10 hours per day as ASTC direct patient care staff:

- One (1) Registered Nurse and
- One (1) Surgery Tech

**Licensure/Accreditation**

Turner Surgery Center will apply to be licensed as an ASTC by the Tennessee Department of Health, Division of Health Care Facilities and will seek Accreditation from the Association for Ambulatory Health Care.

*Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in two years. The applicant seeks to open the ASTC on August 1, 2015.

**CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates for other health care organizations in the service area proposing this type of service.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME 6/10/2015

# **LETTER OF INTENT**





State of Tennessee  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243  
[www.tn.gov/hdda](http://www.tn.gov/hdda)

Phone: 615-741-2364

Fax: 615-741-9884

## LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean which is a newspaper  
(Name of Newspaper)  
of general circulation in Davidson, Tennessee, on or before March 10, 2015,  
(County) (Month / day) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Turner Surgery Center, a proposed specialty ambulatory surgical treatment center  
(Name of Applicant) (Facility Type-Existing)

owned by: Turner Surgery Center, LLC with an ownership type of limited liability company

intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: to establish a specialty ambulatory surgical treatment center in approximately 1,980 sq. ft. of leased space in Suite 210, 28 White Bridge Road, Nashville, TN 37205. The location was previously occupied and operated as a specialty ambulatory surgical treatment center by MUA of Middle Tennessee. Turner Surgery Center, LLC, is solely-owned by William Schooley, M.D., and the proposed surgery center will be limited to implantation of spinal neurostimulator devices and other pain management procedures. The cost of the project is approximately \$533,000.00. The project does not involve any licensed beds or the initiation of any service for which a certificate of need is required.

The anticipated date of filing the application is: March 15, 2015

The contact person for this project is Dan Elrod Attorney  
(Contact Name) (Title)

who may be reached at: Butler Snow LLP 150 3<sup>rd</sup> Avenue South, Suite 1600  
(Company Name) (Address)

Nashville TN 37201 615 / 651-6702  
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] March 10, 2015 dan.elrod@butlersnow.com  
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**COPY**

**-Application**

**Turner Surgery**

**Center**

**CN1503-009**

# BUTLER | SNOW

March 13, 2015

**VIA HAND DELIVERY**

Melanie M. Hill  
Executive Director  
Tennessee Health Services and  
Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Turner Surgery Center, Certificate of Need Application

Dear Ms. Hill:

Please find enclosed, in triplicate, the certificate of need application referenced above, along with a check for the filing fee in the amount of \$3,000.

Thank you for your attention to this filing.

Very truly yours,

BUTLER SNOW LLP



Dan H. Elrod

DHE/bf  
Enclosures

ButlerSnow 25149001v1

*The Pinnacle at Symphony Place  
150 3rd Avenue South, Suite 1600  
Nashville, TN 37201*

DAN H. ELROD  
615.651.6702  
[dan.elrod@butlersnow.com](mailto:dan.elrod@butlersnow.com)

T 615.651.6700  
F 615.651.6701  
[www.butlersnow.com](http://www.butlersnow.com)

BUTLER SNOW LLP

2019-03-01

1. **Name of Facility, Agency, or Institution**

Turner Surgery Center  
Name

Suite 210, 28 White Bridge Road  
Street or Route

Nashville  
City

TN  
State

Davidson  
County

37205  
Zip Code

2. **Contact Person Available for Responses to Questions**

Dan Elrod  
Name

Attorney

Title

Butler Snow LLP  
Company Name

dan.elrod@butlersnow.com  
Email address

150 3<sup>rd</sup> Avenue South, Suite 1600  
Street or Route

Nashville  
City

TN  
State

37201  
Zip Code

Attorney  
Association with Owner

(615) 651-6702  
Phone Number

(615) 651-6701  
Fax Number

3. **Owner of the Facility, Agency or Institution**

Turner Surgery Center, LLC  
Name

(615) 383-2442 ext. 118  
Phone Number

Suite 210, 28 White Bridge Road  
Street or Route

Davidson  
County

Nashville  
City

TN  
State

37205  
Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or  
Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

X

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)**

Name \_\_\_\_\_

Street or Route \_\_\_\_\_

County \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership \_\_\_\_\_

D. Option to Lease \_\_\_\_\_

X

B. Option to Purchase \_\_\_\_\_

E. Other (Specify) \_\_\_\_\_

C. Lease of 5 Years \_\_\_\_\_

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify) \_\_\_\_\_

H. Nursing Home \_\_\_\_\_

B. Ambulatory Surgical Treatment  
Center (ASTC), Multi-Specialty \_\_\_\_\_

I. Outpatient Diagnostic Center \_\_\_\_\_

C. ASTC, Single Specialty X \_\_\_\_\_

J. Rehabilitation Facility \_\_\_\_\_

D. Home Health Agency \_\_\_\_\_

K. Residential Hospice \_\_\_\_\_

E. Hospice \_\_\_\_\_

L. Nonresidential \_\_\_\_\_

F. Mental Health Hospital \_\_\_\_\_

Substitution-Based Treatment \_\_\_\_\_

G. Intellectual Disability  
Institutional Habilitation Facility  
(IDIHF) (ICF/IID formerly  
(ICF/MR) \_\_\_\_\_

Center for Opiate Addiction \_\_\_\_\_

M. Birthing Center \_\_\_\_\_

N. Other Outpatient Facility \_\_\_\_\_

O. Other (Specify) \_\_\_\_\_

8. **Purpose of Review (Check as appropriate--more than one response may apply)**

A. New Institution X \_\_\_\_\_

G. Change in Bed Complement \_\_\_\_\_

B. Replacement/Existing Facility \_\_\_\_\_

[Please note the type of change

C. Modification/Existing Facility \_\_\_\_\_

by underlining the appropriate

D. Initiation of Health Care  
Service as defined in TCA §  
68-11-1607(4)  
(Specify) \_\_\_\_\_

response: Increase, Decrease,

Designation, Distribution,

Conversion, Relocation] \_\_\_\_\_

E. Discontinuance of OB Services \_\_\_\_\_

H. Change of Location \_\_\_\_\_

F. Acquisition of Equipment \_\_\_\_\_

I. Other (Specify) \_\_\_\_\_

9. **Bed Complement Data**

***Please indicate current and proposed distribution and certification of facility beds.***

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility - SNF (Medicare only)	_____	_____	_____	_____	_____
M. Nursing Facility - NF (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility - SNF/NF (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
O. Nursing Facility - Licensed (non-Certified)	_____	_____	_____	_____	_____
P. IDIHF	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	_____	_____	_____	_____	_____

\*CON-Beds approved but not yet in service

10. **Medicare Provider Number** Will be applied for.  
**Certification Type** Ambulatory Surgical Treatment Center

11. **Medicaid Provider Number** Will be applied for.  
**Certification Type** Ambulatory Surgical Treatment Center

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?**  
  X   Yes  
       No  
       NA

13. **Will this project involve the treatment of TennCare participants?** Yes; the facility intends to contract with all TennCare MCOs serving Middle Tennessee.

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility, staffing, and how the project will contribute to the orderly development of adequate and effective healthcare.

*The applicant, Turner Surgery Center, LLC, proposes to establish a specialty ambulatory surgical treatment center ("ASTC") with one procedure room in leased space of approximately 1,980 square feet at Suite 210 of the Anderson Building located at 28 White Bridge Road, Nashville, TN 37205. [Note: The applicant was originally organized as Turner Spine Institute, PLLC. Documents to change the entity to Turner Surgery Center, LLC, have been filed with Tennessee Secretary of State's office, and request will be processed within the next few days.] The leased space was formerly occupied by MUA of Middle Tennessee and operated as an ASTC in which manipulation under anesthesia was performed. MUA has vacated the space and this former ASTC facility is currently not used for any purpose.*

*Turner Surgery Center, LLC, is solely owned by Dr. William Schooley (see CV attached as Attachment B, I), a board-certified neurosurgeon who practices in the group Neurosurgical Associates, a group of six (6) neurosurgeons with their principal office at 2400 Patterson Street, Nashville, TN, close to HCA TriStar Centennial Medical Center. Currently, Dr. Schooley is the only member of his group who performs outpatient surgical procedures to implant spinal cord neurostimulators for pain management. Dr. Schooley seeks, through Turner Surgery Center, LLC to establish a specialty ASTC limited to implantation of spinal cord neurostimulators and other pain management procedures. Although the project is planned on the assumption that it will be used only by Dr. Schooley for implantation of neurostimulators, it is possible in the future that Dr. Schooley and other physicians, including Dr. Schooley's colleagues at Neurosurgical Associates, may want to use the facility to perform spinal injection procedures and other pain management procedures on their patients.*

*Because the project will occupy a facility that has been formerly licensed and operated as an ASTC, and, in light of the limited scope of the proposed ASTC, only minimal capital expenditures will be required. The applicant will lease a C-arm and it will only need to purchase minor equipment and furnishings. The total project cost, including the aggregate of lease payments in the initial term of the lease, is \$544,150.*



*The service area for the project is composed of Davidson, Rutherford and Wilson counties, which are the counties in which approximately 50% of Dr. Schooley's patients reside (Davidson – 19%; Rutherford – 24%; Wilson – 7%). The origin of Dr. Schooley's patients beyond these three (3) counties is widely diffused throughout numerous counties, with 24 counties having percentages of origin ranging from 1% to 4%. In light of how widely scattered Dr. Schooley's patients are, and because the only meaningful concentration of patients occurs in Davidson, Rutherford and Wilson counties, Dr. Schooley has determined that these three (3) counties should be identified as the service area for this project.*

*The need for this project is based on the difficulty Dr. Schooley has encountered in scheduling procedures for his patients at other facilities. Currently, Centennial Surgery Center, ("CSC") is the only surgery center in the Service Area where Dr. Schooley has privileges to perform implantation services. However, some of Dr. Schooley's patients are reluctant to use CSC because of its location in a congested, high-traffic area. More importantly, it has become increasingly difficult for Dr. Schooley to use CSC because the types of procedures he performs are a low priority for CSC and he has trouble getting cases scheduled there. In addition, at CSC or other facilities Dr. Schooley has no control over the staff or type of neurostimulator device that is available for his patients. Dr. Schooley strongly prefers the Medtronic devices, but he cannot be assured of having access to them in the absence of having his own*

*The proposed project will be entirely funded by Dr. Schooley. As previously discussed, because the proposed facility is a vacated ASTC, minimal expenditures are necessary beyond assuming the lease to a C-arm and purchasing minimal equipment and furnishings.*

*Dr. Schooley has the resources to fund the initial expenditures, and the facility will achieve positive financial results in the first year.*

*The facility will be staffed approximately two days per month, 10 hours per day. The clinical staff for the facility will consist of a registered nurse and a surgical tech*

*This project will contribute to the orderly development of health care because it will make efficient use of an existing unused resource, an ASTC that has been vacated. The project will facilitate the ability of Dr. Schooley's patients who suffer from significant, chronic pain to have access to a procedure that will provide relief. Dr. Schooley is contracted with all of the TennCare MCOs in the region, and over 40% of his patients are TennCare enrollees. The applicant intends for the ASTC, if approved, to contract with all TennCare MCOs.*

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
  - A. For the establishment or modification of a healthcare institution describe the development of and need for the proposal. Health care institutions include:
    - 1. Nursing home
    - 2. Hospital
    - 3. Ambulatory Surgical Treatment Center
    - 4. Birthing Center
    - 5. Mental Health Hospital
    - 6. Intellectual Disability Institutional Habilitation Facility



7. Home Care Organization (Home Health Agency or Hospice Agency)
8. Outpatient Diagnostic Center
9. Rehabilitation Facility
10. Residential Hospice
11. Nonresidential Substitution-based Treatment Center for Opiate Addition

Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applications with construction, modification and/or renovation costs should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

*As described in Section I, the project will occupy an existing facility of approximately 1,980 square feet, which was formerly occupied by MUA of Middle Tennessee as a licensed ASTC. However, MUA has vacated the space, the MUA license has expired, and this former ASTC facility is currently not used for any purpose. Because the proposed space was formerly operated as an ASTC, and due to the limited scope of the proposed ASTC, only minimal capital expenditures will be required to develop this project. The applicant will need to lease a C-arm and purchase minor equipment and furnishings.*

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

*Response: Not applicable (NA).*



C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Hospital-Based Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Burn Units
4. Cardiac Catheterization Services
5. Child and Adolescent Psychiatric Services
6. Extracorporeal Lithotripsy
7. Home Health Services
8. Hospice Services
9. Magnetic Resonance Imaging (MRI)
10. Neonatal Intensive Care Unit
11. Opiate Addiction Treatment provided through a Non-Residential Substitution-Based Treatment Center for Opiate Addiction
12. Open Heart Surgery
13. Positron Emission Tomography
14. Radiation Therapy/Linear Accelerator
15. Rehabilitation Services
16. Swing Beds
17. Discontinuation of any obstetrical or maternity service
18. Closure of a Critical Access Hospital
19. Elimination in a critical access hospital of any service for which a certificate of need is required

*Response: Not applicable (NA).*

D. Describe the need to change location or replace an existing facility.

*Response: Not applicable (NA).*

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$2.0 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Brief description of equipment including characteristics such as fixed or mobile; expected vendor and model (if known); for MRI use descriptors such as Tesla strength, open/closed bore; for linear accelerators use descriptors such as MeV strength, IMRT/IGRT/SRS capability; etc.;
2. Total cost (As defined by Agency Rule 0720-9-.01(13))
  - a. By Purchase or
  - b. By Lease;
3. Expected useful life;
4. List of clinical applications to be provided;

5. Documentation of FDA approval; and
6. For mobile major medical equipment list all sites that the unit is currently serving and its current schedule of operations at those sites.

*Response: Not applicable (NA).*

- b. Provide current and proposed schedules of operations.

*Response: Not applicable (NA).*

2. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

*Response: Not applicable (NA).*

**III. (A)** Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

*See Attachment B, III.(A).*

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients. ***(Not applicable to home health or hospice agency applications.)***

*The proposed site is located on a major thoroughfare that is serviced by a Nashville Metro Transit Authority bus route that stops near the location approximately every twenty minutes. The proposed site sits approximately 0.6 miles of West End Avenue and 1.6 miles of Interstate 40.*

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper. ***(Not applicable to home health or hospice agency applications.)***

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

*See Attachment B, IV.*

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

## **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

### **QUESTIONS**

#### **NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth, if applicable.
  - a. Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Please list each principle and follow it with a response.

*Response:*

#### Healthy Lives

*This project provides an accessible, cost-effective, comfortable option for individuals suffering significant, chronic pain, in need of relief.*

#### Access to Care

*The proposed facility promotes access to care in that it would enable certain patients suffering from significant, chronic pain to easily obtain pain management services. Currently, Dr. Schooley does not have privileges to provide the service contemplated by this application at any physician-owned practice in the service area. CSC is the only provider in the service area at which Dr. Schooley currently has privileges to implant neurosurgical stimulator devices for pain management; however, the proposed facility will better meet the needs of Dr. Schooley's patients for the reasons stated elsewhere in the application.*

*The project further promotes access to care as Dr. Schooley is contracted with all of the TennCare MCOs in the region, and over 40% of his patients are TennCare enrollees. The applicant intends for the ASTC, if approved, to contract with all TennCare MCOs and serve Medicare patients.*

#### Economic Efficiencies

*The proposed facility is economically efficient in that it will make use of an ASTC currently vacant and it will require minimal capital expenditures.*

#### Quality of Care

*Quality of care in the proposed facility is assured. Dr. Schooley is a board-certified neurosurgeon qualified to provide the services contemplated by this application. Should other physicians from desire to provide similar services at the proposed facility in the future, all qualifications will be met. The facility plans to qualify for accreditation by the Accreditation Association of Ambulatory Healthcare.*

#### Health Care Workforce

*The facility will support the development of the health care workforce by offering training on occasion to other physicians on the use of the medical devices used by Dr. Schooley in the implantation procedures. Dr. Schooley is experienced in the implantation of spinal cord neurostimulator devices for pain management, and he is willing and able to provide demonstrations and training on the use of such devices.*

- b. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9 of the Guidelines for Growth) here.

#### **Criterion and Standards for Ambulatory Surgical Treatment Centers:**

##### **Determination of Need**

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.<sup>1</sup> An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

---

<sup>1</sup> The Division recognizes that estimated or average cleanup/preparation times and Case times may vary significantly by specialty and type of Case.

*Response: The applicant is proposing a Specialty ASTC limited to the implantation of spinal cord neurostimulators and other pain management procedures. Dr. Schooley is currently the only member of his six-member practice, Neurosurgical Associates, to perform the implantation of spinal cord neurostimulators and it is anticipated that the facility will initially only be used by Dr. Schooley. The applicant expects that Dr. Schooley will use the facility approximately two days per month. Based on Dr. Schooley's analysis and judgment regarding his patients, the applicant projects serving 216 patients in the first year and 288 patients in the second year. Each case takes approximately 30 minutes, with an additional 10 minutes preparation time and 15 minutes for cleanup, totally 55 minutes per procedure.*

*In the future Dr. Schooley and other physicians may want to use the facility to perform spinal injection and other pain management procedures on their patients. If this occurs, the number of cases performed at the facility will increase.*

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

*The applicant projects that the facility will be utilized approximately 198 surgical hours during the first year. This figure is based on a projection of 108 hours of procedure time (each of the projected 216 procedures taking an average time of 30 minutes) and 90 hours of preparation time (each procedure requiring 10 minutes of patient preparation time and 15 minutes to clean and prepare the room for the next case). During the second year, the applicant projects that the facility will be utilized approximately 264 surgical hours. This figure is based on a projection of 144 hours of procedure time (288 procedures taking an average time of 30 minutes each) and 120 hours of preparation time (each procedure requiring 10 minutes of patient preparation time and 15 minutes to clean and prepare the room for the next case). As mentioned elsewhere in the application, the applicant acknowledges the possibility that in the future other physicians may want to make use of the facility to perform spinal injection and other pain management procedures on their patients.*

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available<sup>2</sup>) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

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<sup>2</sup> The Department of Health is currently in the rule-making process necessary to implement the statute requiring the collection of office-based surgery data (Public Chapter 373, 2007). The Division recognizes that the Department of Health does not have sufficient data available on hospital ambulatory/outpatient surgery rooms at this time to include them in the determination of need; however, the Division plans to work with stakeholders towards this goal.

See Attachment C, Need – 5 which shows existing comparable outpatient Operating Rooms and Procedure Rooms for ASTCs in the Service Area.

Currently, Centennial Surgery Center, ("CSC") is the only surgery center in the Service Area where Dr. Schooley has privileges to perform implantation services. However, some of Dr. Schooley's patients are reluctant to use CSC because of its location in a congested, high-traffic area. More importantly, it has become increasingly difficult for Dr. Schooley to use CSC because the types of procedures he performs are a low priority for CSC and he has trouble getting cases scheduled there. In addition, at CSC or other facilities Dr. Schooley has no control over the staff or type of neurostimulator device that is available for his patients. Dr. Schooley strongly prefers the Medtronic devices, but he cannot be assured of having access to them in the absence of having his own facility.

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

*Response: See Question 5.*

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

*Response: If approved by the Agency, the applicant anticipates that the facility will initially be used by Dr. Schooley approximately two days per month. At this utilization rate, the applicant projects it will have 216 cases during the first year of operations and 288 cases during the second year – based on Dr. Schooley's experience with and knowledge of his patient base. Each case takes approximately 30 minutes, with an additional 10 minutes preparation time and 15 minutes for cleanup, totally 55 minutes per case.*

*The potential impact that the proposed facility would have upon existing service providers and their referral patterns is minimal. As previously mentioned, the only facility where Dr. Schooley currently has privileges to provide implantation services is CSC, but these cases are a low priority for CSC.*



*It is possible in the future that Dr. Schooley and other physicians may want to use the facility to perform spinal injection procedures on their patients. The number of cases performed at the facility would increase if this occurs, but there are no definitive plans at this time to do so.*

*If the application is approved by the Agency, the facility will be limited to implantation of spinal cord neurostimulators and other pain management procedures, which will occur in a procedure room.*

#### **Other Standards and Criteria**

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

*Response: The majority of the population in the Services Area resides within 60 minutes average driving time to the facility.*

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

*Response: The facility is located on White Bridge Road, which is a major thoroughfare that is serviced by a Nashville Metro Transit Authority bus route that stops near the facility approximately every twenty minutes. The proposed facility sits approximately 0.6 miles of West End Avenue and 1.6 miles of Interstate 40.*

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*Response: The origin of potential patients can be seen in Attachment C, Need – 1.b.(8). Some of these patients are currently being served at CSC, but for the reasons described above, many of Dr. Schooley's patients who could benefit from the procedures are simply not having it done. The projected utilization of the ASTC is based on Dr. Schooley's knowledge and experience with respect to his patients.*

*See Attachment C, Need – 5 for a list of ASTCs in the Service Area.*

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*Response: Projected patient utilization for each of the first eight quarters following completion of the project is 54 patients per quarter during the first year of operations and 72 patients per quarter during the second year of operations. The applicant assumes that the projected annual utilization will be distributed evenly throughout the year.*

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.<sup>3</sup>

*Response: The facility intends to become accredited by the Accreditation Association of Ambulatory Health Care.*

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

*Response: If the application is approved, the facility will be used initially only by Dr. Schooley to implant spinal cord neurostimulators for pain management. Dr. Schooley will contract for qualified staff assistance as needed, including a registered nurse and a surgical technician. Nashville is a vibrant medical center and the applicant is confident that there will be no difficulty in contracting qualified clinicians.*

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;
- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or
- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

*Response: Dr. Schooley has a long, admirable commitment to the TennCare program. He is one of the few neurosurgeons in the area who has consistently contracted with all TennCare MCOs, with no limitation on the number of TennCare patients he will take.*

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<sup>3</sup> The Division recognizes that not all ASTCs can be CMS certified or accredited.

Currently over 40% of Dr. Schooley's patients are TennCare enrollees. Consistent with Dr. Schooley's history, the applicant intends to contract with all of the TennCare MCOs serving Middle Tennessee and to participate in the Medicare program.

- a. Applications that include a Change of Site for a proposed new health care institution (one having an outstanding and unimplemented CON), provide a response to General Criterion and Standards (4)(a-c) of the Guidelines for Growth.

*Response: Not applicable (NA).*

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

*The applicant does not currently have any long-range development plans for this facility. As described elsewhere in the application, Dr. Schooley will initially be the only physician using the facility, and although there are no definitive plans at this time to expand the facility's use, other physicians may want to use the facility in the future to perform spinal injection and other pain management procedures on their patients. If this occurs, the project will expand in that the utilization rate of the facility will increase.*

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

*The applicant considers Davidson, Rutherford and Wilson counties as its primary service area, as approximately 50% of Dr. Schooley's patients reside in these counties (Davidson – 19%, Rutherford – 24%, Wilson – 7%). In light of how widely scattered Dr. Schooley's patients are, and because the only meaningful concentration of patients occurs in Davidson, Rutherford and Wilson counties, the applicant has determined that these three counties should be identified as the service area for this project.*

See Attachment C, Need – 3.

4. A. 1) Describe the demographics of the population to be served by this proposal.
- 2) Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area:

<b>Demographic Variable/ Geographic Area</b>	<b>Davidson County</b>	<b>Rutherford County</b>	<b>Wilson County</b>	<b>Service Area Total</b>	<b>State of TN Total</b>
Total Population – Current Year (2015)	663,151	302,237	126,472	1,091,860	6,649,438
Total Population – Projected Year (2019)	688,318	338,904	135,567	1,162,789	6,894,997
Total Population - % change	3.7%	12.1%	7.2%	6.5%	3.7%

<b>Demographic Variable/ Geographic Area</b>	<b>Davidson County</b>	<b>Rutherford County</b>	<b>Wilson County</b>	<b>Service Area Total</b>	<b>State of TN Total</b>
*Target Population – Current Year (2015)	77,086	28,650	18,939	124,675	1,012,937
*Target Population – Projected Year (2019)	88,812	34,874	22,683	146,369	1,134,565
Target Population - % Change	15.2%	21.7%	19.7%	17.4%	12%
Target Population – Projected Year (2019) as % of Total	12.9%	10.2%	16.7%	12.6%	16.4%
Median Age	33.9	32.2	39.3	35.13	38
Median Household Income	\$47,335	\$55,401	\$60,390	\$55,401	\$44,298
TennCare Enrollees	133,164	42,469	16,506	192,139	1,324,208
TennCare Enrollees as % of Total	20.08%	14.05%	13.05%	17.59%	19.91%
Persons Below Poverty Level	121,841.4	36,533.7	12,438.4	170,813.5	1,143,292.1
Persons Below Poverty Level as % of Total	18.5%	13.0%	10.2%	16.0%	17.6%

*\*Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for the discontinuance of OB services would mainly affect Females Age 15-44; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. For projects not having a specific target population use the Age 65+ population for the target population variable.*

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

*Response: The focus of the project will be individuals suffering significant, chronic pain, who are in need of pain management care. The location of the proposed facility will increase access for Dr. Schooley's patients, as the location is in a less-congested area than CSC, the only other facility with which Dr. Schooley has privileges to provide implantation services for pain management. Additionally, the applicant expects to be contracted with all TennCare MCOs that operate in Middle Tennessee, and the facility will be accessible to low income individuals.*

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. Projects including surgery should report the number of cases and the average number of procedures per case.

*Response: The chart provided in Attachment C, Need – 5 shows all ASTCs in the service area and each one's utilization for the most recent three years of data available for this type of project.*

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization through the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

*Response: The applicant projects a total of 216 cases during the first year and 288 cases during the second year of operation following completion of the project. This projection is based on Dr. Schooley's analysis and judgment regarding his patients.*

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

*Response: The fair market value of the portion of the building allocable to the applicant is \$288,000. The applicant will occupy 3.2% of the building (1,980/62,500). Per the letter from the building owner (Attachment C, Economic Feasibility – 1 (Building FMV)), the aggregate lease payments for the initial 5-year term of the lease will be \$330,000. As the aggregate lease payments to be made over the next five years are greater than the proportional fair market value of the space, the aggregate lease payments are used as building cost for the certificate of need application.*

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

*Response: Not applicable (NA).*

- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Please provide a letter that includes:

- 1) a general description of the project;

- 2) estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements; and
- 3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the most recent AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

*Response: Not applicable (NA).*

## PROJECT COSTS CHART

**A. Construction and equipment acquired by purchase:**

1.	Architectural and Engineering Fees	
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$60,000.00
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Construction Costs	
6.	Contingency Fund	
7.	Fixed Equipment (Not included in Construction Contract)	
8.	Moveable Equipment (List all equipment over \$50,000)	
9.	Other (Specify) <u>Other FF&amp;E – office furniture, etc.</u>	\$50,000.00

**B. Acquisition by gift, donation, or lease:**

1.	Facility (inclusive of building and land)	\$330,000.00
2.	Building only	
3.	Land only	
4.	Equipment (Specify) <u>C-Arm Lease</u>	\$104,150.00
5.	Other (Specify) _____	

**C. Financing Costs and Fees:**

1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify) _____	

**D. Estimated Project Cost  
(A+B+C)**

\$544,150.00

**E. CON Filing Fee**

\$3,000.00

**F. Total Estimated Project Cost  
(D+E)**

**TOTAL** \$547,150.00

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

*Response: Dr. Schooley's financial statement is attached at Attachment C, Economic Feasibility – 2.*

- ☐ F. Other—Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

*Response: The proposed project is reasonable in that it will efficiently repurpose an existing ASTC facility that otherwise does not serve patients, minimal capital expenditures are needed to implement the project, and Dr. Schooley is capable of personally financing the project through his wholly-owned LLC, Turner Surgery Center, LLC.*

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology,*



*legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.*

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

*Response: The project's average gross charge for each implantation of a neurostimulator will be \$6,368; the average deduction is projected to be \$3,515 and the average net charge is projected to be \$2,853.*

## HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in \_\_\_\_\_ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses			
1. Salaries and Wages	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify on Page 23	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. Other Revenue (Expenses) – Net (Specify) _____	\$ _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

### PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

	2015	2016
A. Utilization Data (Specify unit of measure - <b>Procedures</b> )	216	288
B. Revenue from Services to Patients		
1. Inpatient Services	\$ 0	\$ 0
2. Outpatient Services	1,375,557	1,834,076
3. Emergency Services	0	0
4. Other Operating Revenue (Specify) n/a	0	0
<b>Gross Operating Revenue</b>	<b>\$1,375,557</b>	<b>\$1,834,076</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 687,779	\$ 917,038
2. Provision for Charity Care	16,507	22,009
3. Provisions for Bad Debt	55,022	73,363
<b>Total Deductions</b>	<b>\$ 759,308</b>	<b>\$1,012,410</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 616,249</b>	<b>\$ 821,666</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 21,120	\$ 22,176
2. Physician's Salaries and Wages	0	0
3. Supplies (Clinical)	46,440	61,920
4. Taxes	25,000	20,000
5. Depreciation	10,000	10,000
6. Rent	86,380	86,380
7. Interest, other than Capital	0	0
8. Management Fees:		
a. Fees to Affiliates	0	0
b. Fees to Non-Affiliates	0	0
9. Other Expenses: <u>IT, Billing, Ins, Maint, Accred, Cred, Legal, etc.</u>	187,545	152,659
<b>Total Operating Expenses</b>	<b>\$ 376,485</b>	<b>\$ 353,135</b>
E. Other Revenue (Expenses) -- Net (Specify)	\$ 0	\$ 0
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 239,764</b>	<b>\$ 468,531</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ 0	\$ 0
2. Interest	0	0
<b>Total Capital Expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ <u>239,764</u></b>	<b>\$ <u>468,531</u></b>

**March 24, 2015****HISTORAL DATA CHART – OTHER EXPENSES****OTHER EXPENSES CATEGORIES**

	Year _____	Year _____	Year _____
1.	\$ _____	\$ _____	\$ _____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
<b>Total Other Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**PROJECTED DATA CHART – OTHER EXPENSES****OTHER EXPENSES CATEGORIES**

	Year _____	Year _____
1. IT Lines	\$ <u>9,600</u>	\$ <u>9,600</u>
2. Billing – 4.5%	<u>27,731.23</u>	<u>36,974.98</u>
3. Repairs & Maintenance	<u>30,812.48</u>	<u>41,083.31</u>
4. Insurance	<u>25,000.00</u>	<u>27,000.00</u>
5. Office Supplies, License Renewal Fees, etc.	<u>14,400.00</u>	<u>15,000.00</u>
6. Credentialing	<u>5,000.00</u>	<u>3,000.00</u>
7. Consulting	<u>10,000.00</u>	<u>5,000.00</u>
8. Compliance	<u>5,000.00</u>	<u>5,000.00</u>
9. Legal	<u>40,000.00</u>	<u>5,000.00</u>
10. Accreditation	<u>20,000.00</u>	<u>5,000.00</u>
<b>Total Other Expenses</b>	<b>\$ <u>187,543.72</u></b>	<b>\$ <u>152,658.29</u></b>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

*The proposed total charge per procedure will be approximately \$6,368. After contractual adjustments, provisions for charity care, and provisions for bad debt, the payment per procedure is expected to be approximately \$2,853.*

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

*Response: The average charge per procedure in the proposed facility is \$6,368. The Medicare allowable for the implantation of a spinal cord neurostimulator is \$3,533. The applicant is unaware of any source for charges by other facilities for this procedure. Based on 2013 Joint Annual Reports, the average charges per procedure at two (2) other ambulatory surgical treatment centers that specialize in pain management are as follows:*

*MUA of Middle Tennessee - \$1,461*

*Tennessee Pain Surgery Center - \$3,416*

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness; how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

*Response: The projected utilization rates will be sufficient to maintain cost-effectiveness. For 2015, the projected utilization rate is 216 procedures, which will result in gross operating revenue in the amount of approximately \$1,375,557 and net operating revenue in the amount of approximately \$616,249. After deductions for operating expenses and capital expenditures, the facility is projected to have a net operating income of \$207,924 in 2015. For 2016, the projected utilization rate is 288 procedures, which will result in gross operating revenue in the amount of approximately \$1,834,076 and net operating revenue in the amount of approximately \$821,666. After deductions for operating expenses and capital expenditures, the facility is projected to have a net operating income of \$410,717 in 2016.*

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

*Response: Financial viability will be ensured within two years as indicated in the Projected Data Chart.*

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

## **SUPPLEMENTAL #1**

**March 24, 2015**

**2:25 pm**

*The applicant intends to serve Medicare, TennCare and medically indigent patients. Dr. Schooley is contracted with all of the TennCare MCOs in the region, and over 40% of his patients are TennCare enrollees. The applicant intends for the ASTC, if approved to contract with all TennCare MCOs.*

*The applicant expects the payor mix for the first year of operation to be as follows:*

*TennCare – \$547,720 (39.8%)  
Commercial/Self-pay - \$456,410 (33.2%)  
Medicare - \$299,940 (21.8%)  
Charity/Bad Debt – \$71,490 (5.2%)*

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

*Response: The applicant has just been created and has no financial history. Dr. Schooley is the sole owner of Turner Surgery Center, LLC and his financial statement, as of March 9, 2015, is at Attachment C, Economic Feasibility-2.*

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
  - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

*Response: The applicant believes there is no alternative that would be less costly or more efficient than making use of an existing resource, which in this case is the ASTC formerly operated by MUA of Middle Tennessee.*

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

*Response: Not applicable (NA).*

### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

*Dr. Schooley, who will be the only physician performing services for the applicant is part of Neurosurgical Associates, a six-physician group. Additionally, Dr. Schooley is contracted with all TennCare MCOs in the region, and over 40% of his patients are TennCare enrollees. The applicant intends for the ASTC, if approved, to contract with all TennCare MCOs.*

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

*The proposed project will have a positive effect on the health care system in that patients in need of the implantation of neurostimulators for pain management will be able to more readily obtain this procedure. This proposal will have minimal, if any, effect on other facilities based on the small number of patients who will be served at the facility.*

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

*Response: The proposed facility will use the following clinical staff two days per month, 10 hours per day with projected compensation as follows:*

*RN - \$35/hr*

*Surgical Tech - \$35/hr*

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Substance Abuse Services, and/or the Department of Intellectual and Developmental Disabilities licensing requirements.

*Response: In light of the minimal staffing required for the facility, the applicant is confident in its ability to identify and employ the clinical staff needed.*

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

*Response: The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff.*

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

*Response: The applicant will offer training on occasion to other physicians on the use of the medical devices used by Dr. Schooley in the procedures.*

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Substance Abuse Services, the Department of Intellectual and Developmental Disabilities, and/or any applicable Medicare requirements.

*Response: The applicant has reviewed and understands all licensing requirements of the Department of Health and applicable Medicare requirements.*

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Tennessee Department of Health

Accreditation: Accreditation Association of Ambulatory Healthcare

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

*Response: The applicant is a new facility.*

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction. Please also discuss what measures the applicant has or will put in place to avoid being cited for similar deficiencies in the future.

*Response: Not applicable (NA).*

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

*Response: None.*

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

*Response: None. Not applicable (NA).*

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

*Response: The applicant will provide the Agency and the Department of Health with requested information regarding number of patients, number and types of procedures and other data required.*



## **PROOF OF PUBLICATION**

**Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.**

## **NOTIFICATION REQUIREMENTS**

### **(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)**

Please note that Tennessee Code Annotated 68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant."

Please provide this documentation.

## **DEVELOPMENT SCHEDULE**

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.

Form HF0004  
Revised 08/01/2012  
Previous Forms are obsolete

## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): June 24, 2015 \_\_\_\_\_

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

Phase	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	_____	_____
2. Construction documents approved by the Tennessee Department of Health	_____	_____
3. Construction contract signed	_____	_____
4. Building permit secured	_____	_____
5. Site preparation completed	_____	_____
6. Building construction commenced	_____	_____
7. Construction 40% complete	_____	_____
8. Construction 80% complete	_____	_____
9. Construction 100% complete (approved for occupancy)	_____	_____
10. *Issuance of license	30 days	August 1, 2015
11. *Initiation of service	30 days	August 1, 2015
12. Final Architectural Certification of Payment	_____	_____
13. Final Project Report Form (HF0055)	_____	September 1, 2015

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

**Note:** If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Davidson

Don H Elrod, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

[Signature]  
SIGNATURE/TITLE

Sworn to and subscribed before me this 13<sup>th</sup> day of March, 2015 a Notary  
(Month) (Year)

Public in and for the County/State of Davidson County, Tennessee.

Sharon C. Couch  
NOTARY PUBLIC

My commission expires March 8, 2016  
(Month/Day) (Year)



My Commission Expires MAR. 8, 2016

**Attachment B, I**

CV of William Schooley, M.D.

**CURRICULUM VITAE**  
**William R. Schooley, M.D.**  
**April 2006**

**NAME:** William R. Schooley, M.D.

**HOME ADDRESS:** 4418 Harding Place  
Nashville, Tennessee 37205

**OFFICE ADDRESS:** Neurosurgical Associates  
345 23<sup>rd</sup> Avenue North  
Nashville, Tennessee 37203  
(615)-986-1256

**LICENSURE:** Tennessee Medical License, 1994  
Louisiana Medical License, 1986

**ORGANIZATIONS:** Nashville Academy of Medicine  
American Board of Neurological Surgery Certified

**EDUCATION:**

1981 - 1986 Doctor of Medicine,  
University of Alabama School of Medicine  
Birmingham, Alabama

1973 - 1978 Bachelor of Science  
Washington and Lee University  
Lexington, VA.

**PROFESSIONAL:**

1994 - Present	Active Staff	St. Thomas Hospital Southern Hills Hospital Nashville, Tennessee
	Active Staff	Centennial Medical Center Williamson County Medical Center Nashville, Tennessee
1993 - 1994		Chief Resident in Neurological Surgery Tulane University Affiliated Program New Orleans, LA.

**Curriculum Vitae**  
**William R. Schooley, M.D.**  
**Page Two**

- |                    |   |
|--------------------|---|
| <b>1989 - 1993</b> | <b>Resident in Neurological Surgery<br/>Tulane University Affiliated Program<br/>New Orleans, LA.</b> |
| <b>1988 - 1989</b> | <b>Staff Emergency Room Physicians<br/>River Parishes Hospital<br/>LaPlace, LA.</b>                   |
| <b>1987 - 1988</b> | <b>General Surgery Residency<br/>Tulane University Affiliated Program<br/>New Orleans, LA.</b>        |
| <b>1986 - 1987</b> | <b>Internship (General Surgery)<br/>Tulane University School of Medicine<br/>New Orleans, LA.</b>     |

**Attachment B, III.(A)**

Plot Plan



28 White Bridge Pike, Nashville, TN 37205

## Plot Plan



<b>Parcel ID</b>	10314011600
<b>Owner</b>	NOL, LLC
<b>Acquired Date</b>	12/18/2008
<b>Sale Price</b>	\$11,075,000
<b>Owner Document</b>	<a href="#">DB-20081219 0121587</a>
<b>Mailing Address</b>	28 WHITE BRIDGE RD STE 111
<b>Mailing City</b>	NASHVILLE
<b>Mailing State</b>	TN
<b>Mailing Zipcode</b>	37205
<b>Description</b>	LOT 1 LIONS HEAD VILLAGE WEST SEC 3
<b>Acreage</b>	2.31
<b>Frontage</b>	263
<b>Side</b>	422
<b>Property Document</b>	<a href="#">PL-00005210 0000369</a>

**Attachment B, IV**




Floor Plan

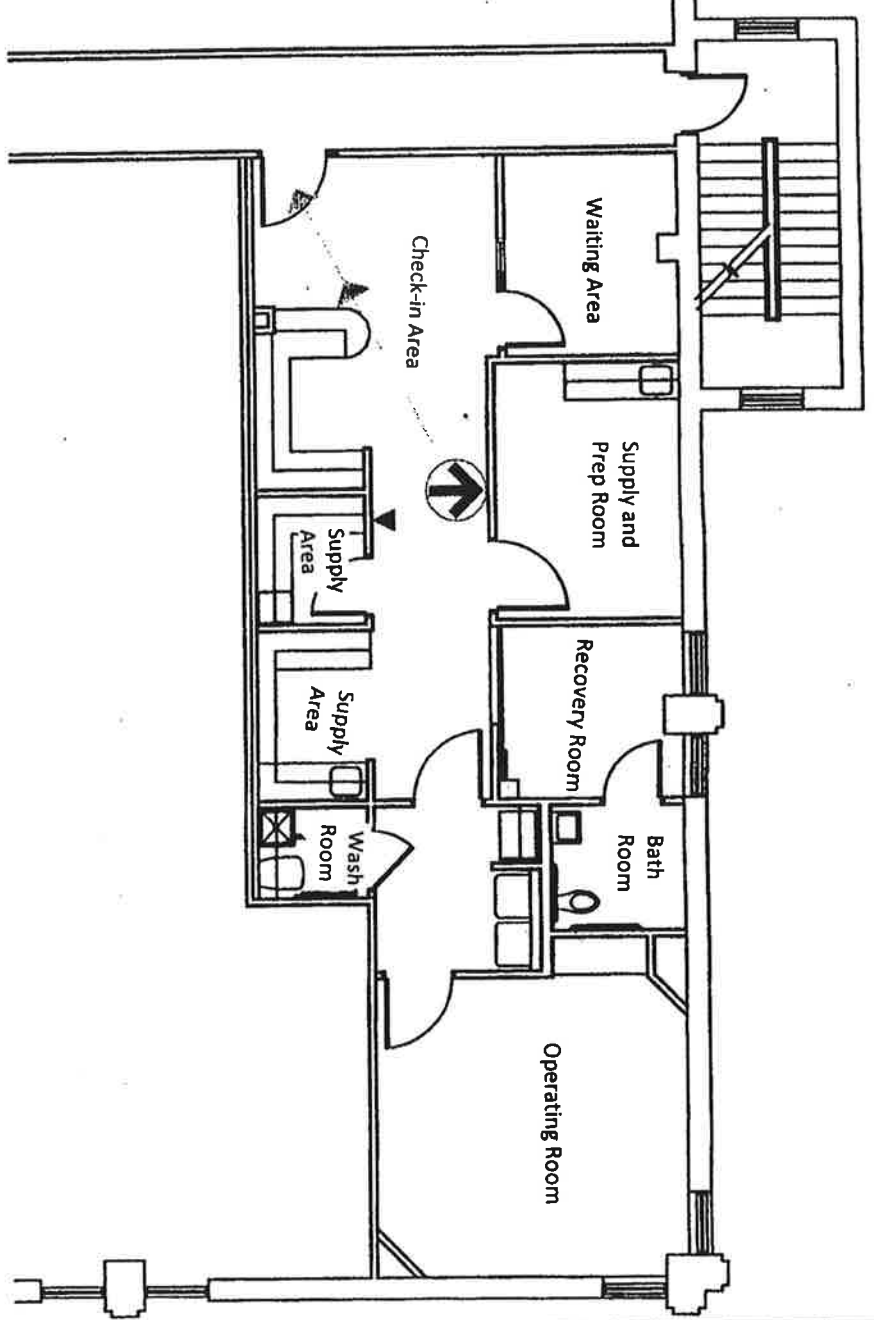
# EVACUATION PLAN

NORTH



## LEGEND

-  YOU ARE HERE
-  EVACUATION ROUTE
-  FIRE EXTINGUISHER



**Attachment C, Need – 1.b.(8)**

Origin of Potential Patients

**William Schooley, MD - July 1, 2014 -- December 31, 2014**

Unique Patients Seen

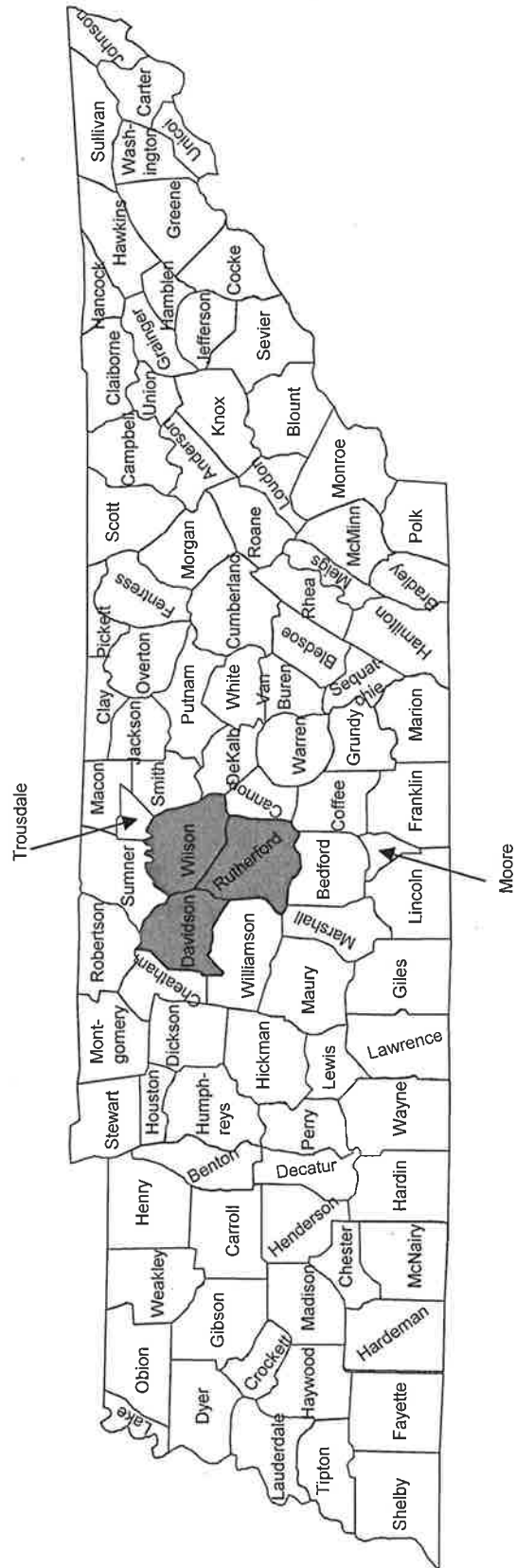
731

<b>County</b>	<b>Number of Patients</b>	<b>% of Overall Business</b>
Allen (KY)	3	0%
Bedford	26	4%
Benton	2	0%
Calloway (KY)	1	0%
Cannon	5	1%
Cheatham	7	1%
Christian (KY)	2	0%
Clay	3	0%
Coffee	20	3%
Cumberland	15	2%
Davidson	139	19%
Decatur	2	0%
Dekalb	13	2%
Dickson	16	2%
Fentress	8	1%
Franklin	3	0%
Gibson	1	0%
Giles	13	2%
Graves (KY)	2	0%
Grundy	1	0%
Henry	1	0%
Hickman	9	1%
Hopkins (KY)	1	0%
Houston	1	0%
Humphreys	3	0%
Jackson	3	0%
Lawrence	9	1%
Lewis	3	0%
Lincoln	5	1%
Logan (KY)	1	0%
Macon	7	1%
Madison (AL)	1	0%
Marshall	5	1%
Massac (IL)	1	0%
Maury	2	0%
Metcalfe (KY)	1	0%
Montgomery	14	2%
Moore	1	0%
Morgan	2	0%
Obion	1	0%

<b>County</b>	<b>Number of Patients</b>	<b>% of Overall</b>
Overton	6	1%
Panola (MS)	1	0%
Perry	3	0%
Pickett	1	0%
Putman	30	4%
Rhea	1	0%
Robertson	14	2%
Rutherford	178	24%
Sequatchie	1	0%
Shelby	1	0%
Simpson (KY)	1	0%
Smith	13	2%
Stewart	1	0%
Sumner	22	3%
Trigg (KY)	2	0%
Trousdale	4	1%
Warren (KY)	1	0%
Warren	16	2%
Wayne	1	0%
Weakley	1	0%
White	10	1%
Williamson	19	3%
Wilson	51	7%

**Attachment C, Need – 3**

Service Area Map



**Attachment C, Need – 5**

ASCTs in Service Area



**Table 1 – Turner Surgery Center**  
**Utilization of Surgery Centers in the Primary Services Area of This Project**  
2013 Joint Annual Report of ASTC's

County	Facility Name	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Cases Per Surgical Room
Davidson	American Endoscopy Center	1	1	2	690	345
	Associated Endoscopy	0	3	3	4438	1479
	Baptist Ambulatory Surg Center	6	1	7	7137	1020
	Baptist Plaza Surgicare	9	1	10	8094	809
	Centennial Surgery Center	6	2	8	7214	902
	Delozier Surgery Center	1	0	1	488	488
	Digestive Disease Endos Center	0	4	4	6049	1512
	Eye Surg Cntr of Middle TN	2	0	2	1198	599
	Eye Surg Center of Nashville	1	1	2	4300	2150
	Gurley Surgery Center	0	3	3	284	95
	LVC Outpatient Surg Center	2	1	3	2025	675
	Mid-State Endoscopy Center	0	3	3	2429	810
	MUA of Middle Tennessee	0	1	1	601	601
	Nashville Endo Surg Center	0	3	3	2754	918
	Nashville GI Endoscopy Cntr	0	3	3	2384	795
	Nashville Surgery Center	5	1	6	4292	715
	Nashville Vision Correction	1	0	1	148	148
	NFC Surgery Ctr.	1	0	1	702	702
	Northridge Surgery Center	5	2	7	2954	422
	Oral Facial Surgery Ctr.	3	0	3	1894	631.33
	Planned Parenthood of Middle & East Tennessee	NR	NR	NR	NR	NR
	Premier Orthopaedic Surg Center	2	0	2	2485	1243
	Premier Radiology Pain Management	2	0	2	2634	1317
	Saint Thomas Campus Surgicare	6	1	7	7137	1020
	Saint Thomas OP Neurosurgical Cntr.	2	1	3	1779	593
	Southern Endoscopy Center	0	3	3	2695	898
	Southern Hills Surgery Center	NR	NR	NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0	2	2	3424	1712
	Summit Surgery Center	5	1	6	5474	912
	Tennessee Pain Surgery Center	1	3	4	9985	2496.25
	The Center for Assisted Reproductive Technologies	0	2	2	404	202
	Urology Surgery Center	3	3	6	5445	908
	Wesley Ophthalmic Plastic Surg Cntr	2	0	2	905	453
Wilson	Lebanon Endoscopy Center	2	2	4	2140	535
	Lebanon Surgical Center	1	1	2	77	39
	Providence Surgery Center	2	1	3	771	257
	Wilson County Eye Surgery	1	1	2	1145	573
Rutherford	Mid-State Endoscopy Center	0	2	2	1632	816
	Middle Tennessee Ambulatory Surgery Center	6	1	7	6552	936
	Physicians Pavilion Surgery Center	4	1	5	3032	607
	Surgicenter of Murfreesboro Medical Center	3	3	6	8521	1421
	Williams Surgery Center, Inc.	1	0	1	56	56

**Table 2: Turner Surgery Center**  
**Utilization of Surgery Centers in the Primary Services Area of This Project**

2012 Joint Annual Report of ASTC's						
County	Facility Name	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Cases Per Surgical Room
Davidson	American Endoscopy Center	1	1	2	809	405
	Associated Endoscopy	0	3	3	4477	1492
	Baptist Ambulatory Surg Center	6	1	7	7443	1063
	Baptist Plaza Surgicare	9	1	10	8215	822
	Centennial Surgery Center	6	2	8	7491	936
	Delozier Surgery Center	1	0	1	452	452
	Digestive Disease Endos Center	0	4	4	5863	1466
	Eye Surg Cntr of Middle TN	2	0	2	432	216
	Eye Surg Center of Nashville	1	1	2	2631	1316
	Gurley Surgery Center	0	3	3	302	101
	LVC Outpatient Surg Center	2	1	3	2077	692
	Mid-State Endoscopy Center	0	3	3	2631	877
	MUA of Middle Tennessee	0	1	1	11	11
	Nashville Endo Surg Center	0	3	3	2655	885
	Nashville GI Endoscopy Cntr	0	2	2	2640	1320
	Nashville Surgery Center	5	1	6	4126	688
	Nashville Vision Correction	1	0	1	166	166
	NFC Surgery Ctr.	1	0	1	413	207
	Northridge Surgery Center	5	2	7	2863	409
	Oral Facial Surgery Ctr.	3	4	7	2989	427
	Planned Parenthood of Middle & East Tennessee	NR	NR	NR	NR	NR
	Premier Orthopaedic Surg Center	2	0	2	2277	1139
	Premier Radiology Pain Management	0	2	2	1957	979
	Saint Thomas Campus Surgicare	6	1	7	7446	1064
	Saint Thomas OP Neurosurgical Cntr.	2	1	3	2530	843
	Southern Endoscopy Center	0	3	3	2762	921
	Southern Hills Surgery Center	NR	NR	NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0	2	2	3608	1804
	Summit Surgery Center	5	1	6	5775	963
	Tennessee Pain Surgery Center	1	3	4	2847	712
	The Center for Assisted Reproductive Technologies	0	2	2	235	118
	Urology Surgery Center	3	3	6	6705	1118
	Wesley Ophthalmic Plastic Surg Cntr	2	0	2	764	382
Wilson	Lebanon Endoscopy Center	2	2	4	2255	1128
	Lebanon Surgical Center	1	1	2	116	58
	Providence Surgery Center	2	1	3	582	194
	Wilson County Eye Surgery	1	1	2	955	478
Rutherford	Mid-State Endoscopy Center	0	2	2	1125	563
	Middle Tennessee Ambulatory Surgery Center	6	1	7	5638	806
	Physicians Pavilion Surgery Center	4	1	5	2864	573
	Surgicenter of Murfreesboro Medical Center	3	3	6	7984	1331
	Williams Surgery Center, Inc.	1	0	1	65	65

**Table 3: Turner Surgery Center  
Utilization of Surgery Centers in the Primary Services Area of This Project**

2011 Joint Annual Report of ASTC's						
County	Facility Name	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Cases Per Surgical Room
Davidson	American Endoscopy Center	1	1	2	602	301
	Associated Endoscopy	0	3	3	5222	1741
	Baptist Ambulatory Surg Center	6	1	7	7304	1043
	Baptist Plaza Surgicare	9	1	10	9171	917
	Centennial Surgery Center	6	2	8	7405	926
	Delozier Surgery Center	1	0	1	486	486
	Digestive Disease Endos Center	0	4	4	5845	1461
	Eye Surg Cntr of Middle TN	NR	NR	NR	NR	NR
	Eye Surg Center of Nashville	1	1	2	2524	1262
	Gurley Surgery Center	0	3	3	300	100
	LVC Outpatient Surg Center	2	1	3	1902	634
	Mid-State Endoscopy Center	0	3	3	2404	801
	MUA of Middle Tennessee	0	1	1	601	601
	Nashville Endo Surg Center	0	3	3	2594	865
	Nashville GI Endoscopy Cntr	0	2	2	2698	1349
	Nashville Surgery Center	5	1	6	4155	693
	Nashville Vision Correction	1	0	1	132	132
	NFC Surgery Ctr.	1	1	2	389	195
	Northridge Surgery Center	4	2	6	3201	534
	Oral Facial Surgery Ctr.	3	4	7	1548	222
	Planned Parenthood of Middle & East Tennessee	NR	NR	NR	NR	NR
	Premier Orthopaedic Surg Center	2	0	2	2382	1191
	Premier Radiology Pain Management	0	2	2	2000	1000
	Saint Thomas Campus Surgicare	6	1	7	7639	1091
	Saint Thomas OP Neurosurgical Cntr.	2	1	3	2469	823
	Southern Endoscopy Center	0	3	3	2591	864
	Southern Hills Surgery Center	NR	NR	NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0	2	2	3411	1706
	Summit Surgery Center	5	1	6	6505	1084
	Tennessee Pain Surgery Center	1	3	4	3316	829
	The Center for Assisted Reproductive Technologies	0	2	2	255	128
	Urology Surgery Center	3	3	6	7608	1268
	Wesley Ophthalmic Plastic Surg Cntr	2	0	2	754	377
Wilson	Lebanon Endoscopy Center	0	2	2	2344	1172
	Lebanon Surgical Center	1	1	2	69	35
	Providence Surgery Center	2	1	3	555	185
Rutherford	Wilson County Eye Surgery	1	1	2	1466	733
	Mid-State Endoscopy Center	0	2	2	134	67
	Middle Tennessee Ambulatory Surgery Center	6	1	7	6264	895
	Physicians Pavilion Surgery Center	4	1	5	2976	595
	Surgicenter of Murfreesboro Medical Center	4	3	7	7655	1094
	Williams Surgery Center, Inc.	1	0	1	134	134

**Attachment C, Economic Feasibility – 1 (Building FMV)**

Building FMV

*NOL, LLC  
28 White Bridge Pike, Suite 111  
Nashville, TN 37205*

March 4, 2015

Dr. William Schooley  
2400 Patterson Street, Suite 319  
Nashville, TN 37203

**Re: Proposed Lease to Turner Surgery Center, LLC, at 28 White Bridge Pike, Suite 210, Nashville, TN 37205**

Dr. Schooley:

As requested, this document is intended to address the "Fair Market Value" of the referenced suite. The lease proposal represents a 5 year term at \$5,500 per month. The sum of the total lease payments equals \$330,000. The space is already built-out to accommodate a surgery center.

The building located at 28 White Bridge Pike in Nashville, TN, currently has a value of approximately \$9 million. Total rentable square footage within this building is approximately 62,500. The estimated space in the surgery center suite is approximately 1,980 sq ft. The referenced space is approximately 3.2% (1,980/62,500) of the total rentable sq ft of the building. This would give the space a potential value of approximately \$288,000.

We look forward to the opportunity to have you as a tenant in our building. If you have further questions, please do not hesitate to contact me.

Respectfully,



Mark Gaw, CFO, on behalf of NOL, LLC

Phone: 615-239-2039

Email: [mark.gaw@phydata.com](mailto:mark.gaw@phydata.com)

**Attachment C, Economic Feasibility – 2**

Financial Statement

**Personal Financial Statement of:**

William Roy Schooley, MD

as of:

03/09/2015

<u>Assets</u>	<u>Amount in Dollars</u>
Cash - checking accounts	\$ 30,000
Cash - savings accounts	60,000
Certificates of deposit	-
Securities - stocks / bonds / mutual funds	38,000
Notes & contracts receivable	75,000
Life insurance (cash surrender value)	1,800,000
Personal property (autos, jewelry, etc.)	200,000
Retirement Funds (eg. IRAs, 401k)	195,000
Real estate (market value)	1,257,462
Other assets (specify)	-
Other assets (specify)	-
<b>Total Assets</b>	<b>\$ 3,655,462</b>

<u>Liabilities</u>	<u>Amount in Dollars</u>
Current Debt (Credit cards, Accounts)	\$ 10,000
Notes payable (describe below)	-
Taxes payable	400,000
Real estate mortgages (describe)	460,000
Other liabilities (specify)	-
Other liabilities (specify)	-
<b>Total Liabilities</b>	<b>\$ 870,000</b>
<b>Net Worth</b>	<b>\$ 2,785,462</b>

Signature:



Date:

03/09/2015

# Supplemental #1 -Copy-

Turner Surgery Center

CN1503-009



**March 24, 2015****2:25 pm**

BUTLER | SNOW

March 24, 2015

**VIA HAND DELIVERY**

Phillip Earhart  
HSD Examiner  
Tennessee Health Services and  
Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application CN1503-009  
Turner Surgery Center

Dear Mr. Earhart:

Responses to the questions in your letter dated March 19, 2015, are below. Please let us know if you need additional information.

**1. Section A, Applicant Profile, Item 3**

It is noted the applicant was originally organized as Turner Spine Institute, PLLC and has filed documents to change the entity to Tuner Surgery Center, Inc. Please provide a copy of documentation from the Tennessee Secretary of State that acknowledges and verifies the type of ownership as identified by the applicant.

*Response: After the initial filing, The Secretary of State's office requested the applicant to file Articles of Amendment. This document was filed on March 18, 2015, and on its face is effective on the date of filing. Attached as Attachment A are copies of the Articles of Amendment and Filing Acknowledgment from the Secretary of State..*

Please clarify why the applicant now a PLLC, is filing to be an LLC.

*Response: Dr. Schooley was initially under the mistaken impression that the entity should be formed as PLLC. Converting the entity to an LLC provides flexibility for potential ownership by others in the future.*

Does the applicant intend to expand the ownership of the LLC in the future? If so, how?

*The Pinnacle at Symphony Place  
150 3rd Avenue South, Suite 1600  
Nashville, TN 37201*

DAN H. ELROD  
615.651.6702  
dan.elrod@butlersnow.com

T 615.651.6700  
F 615.651.6701  
www.butlersnow.com

*Response: There is currently no plan or intention to expand ownership, but the applicant would like the flexibility to do so in the future. A circumstance that might give rise to the desire to add other owners is described below in response to item 2 on page 4.*

It is noted the applicant will occupy approximately 1,980 square feet at Suite #210, 28 White Bridge Road in leased space formerly occupied by MUA of Middle Tennessee, and operated as an ASTC. However, a review of the lease agreement in the application for MUA of Middle Tennessee, CN1308-031A indicates MUA of Middle Tennessee was located in 5,383 square feet in Suite #208 (not Suite #210) 28 White Bridge Road, Nashville, TN. Please clarify.

*Response: The applicant has reconfirmed with the lessor and by personal inspection the location and size of the space occupied by the ASTC formerly operated by MUA of Middle Tennessee. The certificate of need application filed for that facility was apparently in error, or the owner of the prior facility modified its plans after the certificate of need was granted. The owners of that facility also leased other space in the same building in connection with their chiropractic practice, which may have contributed to the confusion.*

What is the applicant's relationship with Tennessee Spine and Nerve, a State of Tennessee Registered Pain Clinic located at Suite #208 (NPI # 1861752115), 28 White Bridge Road, Nashville, TN and also listed as Suite #209 under NPI # 1821024530?

*Response: The applicant and its sole owner have no relationship with Tennessee Spine and Nerve.*

## **2. Section B, (Project Description) Item 1**

Please provide the following items in regards to spinal cord neurostimulators implantation surgery for pain management:

- An overview of neurostimulators implantation surgery.
- Please clarify why an ASTC is needed for the implantation of neurostimulators.
- Can this surgery be conducted in an office setting?
- Is a sterile procedure room required?
- Who is a good candidate for the surgery?

*Response: In this procedure, the provider places electrodes in the epidural space to relieve pain and reduce or eliminate spasms. When the patient is prepped and anesthetized, the provider advances a needle into the epidural space, under fluoroscopic guidance, and guides a percutaneous electrode through the needle up to the mid thoracic spine and attaches an external stimulator to the other free end of the electrode. The provider checks for the different combinations between the electrodes and the leads until the stimulator generates paresthesias that the patient feels. The provider then detaches the external unit, checks the impedance in the leads, and attaches the leads to the skin.*

*This procedure requires that 2 (two) leads be implanted in the patient's epidural space, each with 8 (eight) electrodes for a total of 16 (sixteen) electrodes that connect to the external generator to provide neurostimulation. These leads are represented by CPT code 63650 for the 1st lead, and then CPT code 63650 with a modifier -59 appended to represent a distinct procedural service for the 2nd lead, which is reimbursed at 50% of the Medicare allowable for 63650.*

*In order for a neurostimulator to be implanted safely, the physician must have access to the following:*

- *Leaded room*
- *C-Arm fluoroscopic device with x-ray*
- *Adjustable C-Arm procedure table*
- *Sterile environment*
- *Adequate recovery room accommodations for a minimum of 1.5 hours with post procedure monitoring by clinical staff and education by clinical staff and vendor on device operation and function.*

*In theory, the procedure could be conducted in an office setting, provided it is equipped, staffed and has all physical capabilities of an ASTC. Due to the nature of the procedure with leads being inserted into the patient's epidural space and with the generator being externalized, the risk for infection is moderately high and this procedure must be performed in a sterile environment to protect the patient and ensure the best possible outcome.*

*A good candidate for this procedure is an individual who suffers from chronic pain from various conditions, such as:*

- *Nerve root injuries, post-surgical or post-traumatic including post-laminectomy or "failed back syndrome"*
- *Complex regional pain syndrome I & II*
- *Intercostal neuralgia*
- *Cauda equina injury*

*AND who meets all of the following:*

- *The patient has failed other treatment modalities (pharmacological, surgical, physical therapy and psychological);*
- *The patient has undergone careful screening, evaluation and diagnosis by a multidisciplinary team prior to implantation;*
- *The patient has a desire to improve their to function and participate in activities of daily living without being impeded by chronic, and often times debilitating, pain.*

*Other than spinal cord neurostimulators implantation surgery, what other types of pain management procedures does the applicant plan to provide in the proposed ASTC? If possible, please list by CPT code.*

**March 24, 2015****2:25 pm**

Phillip Earhart  
March 24, 2015  
Page 4

Response: The applicant has not yet determined with certainty if other procedures will be performed in the facility. This determination is related to the response to the next item. Other pain management procedures that may be performed are injections of therapeutic agents to alleviate pain in the sacral, lumbar, thoracic and cervical areas of the spine (CPT codes, 64483, 62311, 64490 and 64493).

The applicant notes other physicians at Neurosurgical Associates may want to perform spinal injection procedures for pain management in the future. Please clarify why those physicians are not planning to use the proposed ASTC at this point in time. Where are those procedures currently being performed?

Response: The physicians in Neurosurgical Associates ("NA") intend to undertake a strategic review and modification of their practice over the next 18-24 months. The plan is to implement a more comprehensive model of care for their patients, including interventional pain management procedures. Currently, Dr. Schooley is the only physician at NA who is trained and qualified to perform pain procedures. NA assumes that Dr. Schooley will continue to be the only member of the group performing pain management procedures, with the other members of the group referring their patients to Dr. Schooley for these procedures. On the other hand, it is possible that the volume of procedures will exceed Dr. Schooley's capacity, in which case others in the group will obtain additional training to perform pain management procedures described in the preceding item at the proposed ASTC.

According to the Neurological Associates web-site, the practice group is located in 18 Middle Tennessee cities, including Nashville, TN. Which of those 18 locations does Dr. William Schooley practice?

Response: Nashville, Murfreesboro, Mt. Juliet and Brentwood

Please clarify which hospital(s) Dr. Schooley currently has privileges.

Response: Centennial Medical Center and Saint Thomas West. Almost all of Dr. Schooley's surgery is performed at Centennial.

Why is neurostimulator implantation surgery a low priority for Centennial Medical Center?

Response: The applicant believes it is a low priority as because it is a low volume procedure. The heavy users of Centennial Surgery Center have routine blocks of time on the surgery schedule, which make it difficult for occasional users like Dr. Schooley to schedule patients.

Why does Dr. Schooley not have control over the staff or type of neurostimulator available for his patients at Centennial Surgery Center?

Response: *As at any ASTC, Centennial Surgery Center exercises control over the hiring and scheduling of its staff, and over the medical devices to be implanted in patients.*

The applicant notes Centennial Surgery Center is located in a congested high traffic area. How much less congested is White Bridge Road than the current CSC site?

Response: *The applicant is unaware of any metric to compare the degree of congestion. The Centennial Surgery Center is essentially embedded in the Centennial Medical Center complex, which can be confusing to patients, particularly those who are not familiar with the surroundings or distracted by pain. In addition, patients are expected to park in a garage that is frequently full, with parking diverted to other locations. On the other hand, the location on White Bridge Road is in an office building that is well-marked and surrounded by abundant surface parking, which makes it much easier to identify the correct location and get to the right place.*

Please clarify if all three TennCare managed care organizations currently reimburse for neurostimulator implantation surgery.

Response: *Yes, all three managed care organizations operating in Middle Tennessee reimburse for the procedure.*

Please clarify the reasons Medtronic devices are preferred over others.

Response: *The two mostly commonly used devices in the market are manufactured by Medtronic and Boston Scientific. The Medtronic device is MRI-safe (can be safely left in place during an MRI), whereas the Boston Scientific device is not MRI-safe. Dr. Schooley has also experienced excellent support from Medtronic, including presence of Medtronic representatives during procedures with no additional charge.*

The applicant proposes to use the ASTC 2 days per month. How will the ASTC be used for the remaining 18 business days per month?

Response: *There is no plan at this time for the other 18 days, but as discussed above, the expanded focus of Neurosurgical Associated on pain management may lead to more utilization of the facility. It should be noted that this facility was built and equipped as an ASTC, and it would simply be a wasted resource in the absence of the proposed use by the applicant.*

Has the applicant investigated as to whether there is availability at another ASTC that performs pain management procedures in the service area, that would make neurostimulator procedures a higher priority and uses Medtronic devices (especially in Rutherford County where the largest number of the applicant's patients reside)?

Response: *The applicant has not investigated this option. Performing these procedures in another facility would not provide the applicant the degree of control that will be achieved by the proposed ASTC. In addition, the professional reimbursement to*

**March 24, 2015****2:25 pm**

Phillip Earhart  
 March 24, 2015  
 Page 6

*Dr. Schooley for these procedure is so low that it is difficult if not impossible for Dr. Schooley to perform the procedures in an economically viable manner. By repurposing an facility that is no longer used and would otherwise be a wasted resource, the applicant has created cost-efficient model for Dr. Schooley to provide this service to his patients and the patients of other members of Neurosurgical Associates. In addition, Dr. Schooley and his colleagues at Neurosurgical Associates have a strong preference for these procedures to be performed at a facility that is relatively close to Centennial Medical Center. Neurosurgical Associates provides the neurosurgical call coverage for Centennial, and if a patient were to need hospitalization, the patient would be seen by one of the physicians at Neurosurgical Associates.*

Please list other providers in the proposed service area that provides neurostimulator implantation surgery.

*Response:* *Comprehensive Pain Specialists (Drs. Kroll, Dickerson and McHugh, and The Pain Management Group (Drs. Leone and Hill). The physicians at Pain Management Group perform the procedures at their own ASTC.*

Please complete the following table of reimbursement in different settings to implant a spinal cord neurostimulator.

Procedure (Implantation of spinal cord neurostimulator)	CPT Code	Office Practice	Certified Pain Management Clinic	ASTC	Hospital
Reimbursement (Medicare)		\$	\$	\$	\$

*Response:* *The table has been modified to show (1)both of the CPT codes involved; (2) the global reimbursement in the case of an office or pain management clinic; and (3)the professional fees and facility fees in the case of an ASTC and hospital.*

Procedure (Implantation of spinal cord neurostimulator)	CPT Code(s)	Office Practice (Global)	Certified Pain Management Clinic (Global)	ASTC (Professional)	ASTC (Facility)	Hospital (Professional)	Hospital (Facility)
	63650	\$1,229.05	\$1,229.05	\$398.74	\$3,533.22	\$398.74	\$4,857.06
	63650-59	\$614.53	\$614.53	\$199.37	\$1,766.61	\$199.37	\$2,428.53
	<b>TOTALS</b>	<b>\$1,843.58</b> (Global)	<b>\$1,843.58</b> Certified Pain Management Clinic (Global)	<b>\$598.11</b> ASTC (Professional)	<b>\$5,299.83</b> ASTC (Facility)	<b>\$598.11</b> Hospital (Professional)	<b>\$7,285.59</b> Hospital (Facility)

**3. Section C, Need Item 1 (Specific Criteria – ASTC) Item 11.a.**

Please indicate and list all medically underserved areas in the proposed service area as designated by the United States Resources and Services Administration.

Response: According to the United States Resources and Services Administration website, the following areas are medically underserved: all of Wilson County; the Christiana Division of Rutherford County; and portions of Davidson County, specifically the Bordeaux/Inglewood Division, Census Tracts 0161.00-0171.00, and Census Tracts 0136.01, 0136.02, 0137.00, 0139.00, 0142.00, 0143.00, 0144.00, 0148.00, 0194.00, 0195.00.

**4. Section C, Need Item 6**

Please indicate the number of implantation of spinal cord neurostimulator surgeries that were performed by Dr. Schooley by the years 2012, 2013, and 2014, respectively.

Response:

2012-51

2013-67

2014-18

*The decrease from 2013 to 2014 is based on the issues described elsewhere with regard to scheduling and low reimbursement. The projections in the application are based a combination of cases performed by Dr. Schooley and patients who would qualify for the procedure and who are currently referred to other physicians by Dr. Schooley and the other members of Neurosurgical Associates.*

**5. Section C, Need Item 4 (Service Area Demographics)**

The demographic table provided by the applicant on page 16 is noted. Please indicate the current and projected years used in the table.

Response: The current year used in the table is 2015 and the projected year is 2016. The source of the information is the Tennessee Department of Health.

**6. Section C. Economic Feasibility Item 2 Funding**

The personal financial statement from the applicant is noted. However, please provide a letter from a Bank, Accountant, or financial institution that verifies the availability of funds to finance the proposed project.

Response: Enclosed as Attachment B.

Phillip Earhart  
March 24, 2015  
Page 8

**7. Section C. Economic Feasibility Item 2 Projected Data Chart**

The applicant designated \$40,000 in the Projected Data Chart for Legal/CON fees under D.9 "other expenses". Please clarify why this expense is included in the Projected Data Chart.

*Response: The Chart should have labeled this line "Legal", rather than "Legal/CON, and this numbers represents projected legal fees for licensing, compliance, contracting, etc. A revised page 25 is enclosed as Attachment C.*

The applicant designated \$5,000 for credentialing expenses under D.9 "other expenses". Please clarify.

*Response: This is the projected fee for consulting services in connection with accreditation.*

**8. Section C. Economic Feasibility Item 9**

The estimated dollar amount of the expected payor mix for the first year is noted. However, please provide the percentage of total project revenue anticipated from TennCare, Medicare or other state or federal sources for the first year of operation.

*Response: The original application erroneously labeled the Medicare category as self-pay. In the course of reviewing this response, the Applicant also identified arithmetical errors. A revised page 27, including the requested percentages, is included as Attachment D.*

Please clarify the reason there is no projected revenue from Medicare for the proposed project. Please clarify if neurostimulator procedures and devices are covered under Medicare as a reimbursable service.

*Response: See above. The procedure is covered by Medicare.*

**9. Section C. Economic Feasibility Item 11**

The applicant proposes to lease an ASTC, but only provide services 2 days per month. Please indicate if the applicant pursued a lease arrangement with a physician office practice or existing ASTC in the proposed service area. In your response, please discuss if the development of such alternative is practicable and reasons why such alternatives were rejected.

*Response: It is highly unlikely that a physician or group of physicians that has constructed and equipped a suitable facility would be willing to share it with an unrelated physician, and such an option was not explored. This application is based on the lease of an existing ASTC facility with an expired license, and the practical and economic consequences are the same as if the Applicant had leased an ASTC that already had a valid license. In either instance, the Applicant would have been required to obtain*



**March 24, 2015****2:25 pm**

Phillip Earhart  
March 24, 2015  
Page 9

*its own certificate of need and license to operate the facility during the time it has control of it. If the situation this question intends to address is a block time arrangement (as opposed to a lease), then this alternative is not workable because of the control and economic issues addressed previously (p. 6). In any event, the Applicant believes it has developed a cost-effective proposal that uses a health care asset that otherwise would be wasted.*

**10. Section C. Contribution to Orderly Development Item 3.**

Please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response:

<u>Position</u>	<u>Projected Hourly Wage</u>	<u>2014 Tennessee DOL Occupational Wage Data</u>	
		<u>Hrly Mean Wage</u>	<u>Hrly Median Wage</u>
Health Technologist - Code 29-209	\$35.00	\$31.00	\$27.97
Registered Nurse - Code 29-114	\$35.00	\$28.00	\$28.36

Very truly yours,

BUTLER SNOW LLP

  
Dan H. Elrod

clw  
Attachments

**March 24, 2015**

**2:25 pm**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Turner Surgery Center

I, Dan Elrod, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 24<sup>th</sup> day of March, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

My commission expires 3-8-2016

Sharron C. Couch  
NOTARY PUBLIC



HF-0043

Revised 7/02

My Commission Expires MAR. 8, 2016

**March 24, 2015**

**2:25 pm**

# Attachment B

**March 24, 2015**

**2:25 pm**

**MEDICAL PRACTICE MANAGEMENT, INC.**

2200 21ST AVENUE SOUTH

SUITE 248

NASHVILLE, TENNESSEE 37212

(615) 329-3603

FAX (615) 329-4934

March 19, 2015

To: Whom It May Concern

Re: William R. Schooley M.D.

Please be advised that our firm provides accounting services for Neurosurgical Associates, a general partnership in which Dr. William Schooley has been a twenty percent owner for the past twenty five years. The cash flow generated by Dr. Schooley as a partner in this medical practice is more than sufficient to cover and capital equipment and operational needs of his outpatient surgery center project.

If I can provide any additional information, please do not hesitate to contact me.

Sincerely,



Glenn D. Allen

President

**March 24, 2015**

**2:25 pm**

# Attachment D

# **COPY SUPPLEMENTAL-2**

Turner Surgery Center

CN1503-009

March 31, 2015

**VIA HAND DELIVERY**

Phillip Earhart  
HSD Examiner  
Tennessee Health Services and  
Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application CN1503-009  
Turner Surgery Center

Dear Mr. Earhart:

Responses to the questions in your letter dated March 30, 2015, are below. Please let us know if you need additional information.

**1. Section C, Need Item 4 (Service Area Demographics)**

The current and projected years used in the table on page 16 is noted. However, please revise and resubmit the table to reflect a current year (CY) of 2015 and a projected year (PY) of 2019.

*Response: Revised pages 16 and 17 are attached as Attachment A.*

**2. Section C, Need Item 6**

The number of spinal cord neurostimulator implantation surgeries that were performed by Dr. Schooley in years 2012 (51), 2013 (67) and 2014 (18) are noted. The applicant states the decrease from 2013 to 2014 is based on scheduling and low reimbursement. Please clarify the reasons scheduling and low reimbursement were not issues in 2012 and 2013.

*Response: Effective April 1, 2014, CMS changed its policy regarding reimbursement for in-office neurostimulator procedures. This change eliminated from the global payment any reimbursement for the neurostimulator devices themselves, thus reducing global reimbursement from approximately \$5,500 to slightly over \$600, less than the actual cost of performing the procedure in an in-office setting. This change also had the practical*

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Nashville, TN 37201*

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T 615.651.6700  
F 615.651.6701  
[www.butlersnow.com](http://www.butlersnow.com)

*effect of directing patients to a facility-based setting for the procedure, whereupon Dr. Schooley and his patients encountered the scheduling problems previously described.*

**3. Section C, Economic Feasibility Item 2 Funding**

The letter from Medical Practice Management, Inc. verifying cash flow to cover the proposed project is noted. However, please provide a letter from a Bank, Certified Public Accountant, or financial institution that verifies the availability of \$547,150 (cash reserves) from Turner Surgery Center, LLC to finance the proposed project.

*Response:* *The total on the Project Cost Chart of \$547,150 is significantly more than the actual investment required because (1) this total includes the total of lease payments for the facility and equipment paid for the initial 5 year period, and (2) the facility will achieve positive financial results early in the first year and thereafter it will be self-sustaining. Because of the limited amount of initial funds required, Dr. Schooley prefers not to incur any debt in connection with the project, and a loan has not been pursued. As indicated on Dr. Schooley's financial statement, he has liquid and immediately available assets (cash and securities) with a total value of approximately \$130,000. These assets combined with the cash flow from his practice (as confirmed by the prior letter from Medical Practice Management, Inc.) provide more than adequate funds to meet the expenses of the project until it is profitable.*

Very truly yours,

BUTLER SNOW LLP

  
Dan H. Elrod

clw  
Attachments



## **Attachment A**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Turna Surgery Center

I, Dan Elrod, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31<sup>st</sup> day of March, 2015,  
witness my hand at office in the County of Davidson, State of Tennessee.

My commission expires March 8, 2016.  
Sharron C. Couch  
NOTARY PUBLIC



HF-0043

Revised 7/02

My Commission Expires MAR. 8, 2016



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

---

April 1, 2015

Dan Elrod, Esq  
Butler Snow LLP  
150 3rd Avenue South Suite 1600  
Nashville, TN 37201

RE: Certificate of Need Application -- Turner Surgery Center, LLC - CN1503-009

To establish a single specialty ambulatory surgical treatment center (ASTC) located at Suite 210, 28 White Bridge Road, (Davidson County), TN 37205. The ASTC will be limited to implantation of spinal neurostimulator devices and other pain management procedures. The service area is Davidson, Rutherford, and Wilson Counties. The estimated project cost is \$547,150.00

Dear Mr. Elrod:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on April 1, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on June 24, 2015.

Dan Elrod, Esq  
150 3rd Avenue South Suite 1600  
March 1, 2014  
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Melanie M. Hill", written in a cursive style.

Melanie M. Hill  
Executive Director

cc: Trent Sansing, CON Director, Division of Health Statistics



**State of Tennessee**

**Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)


Phone: 615-741-2364

Fax: 615-741-9884

---

MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM:   
Melanie M. Hill  
Executive Director

DATE: April 1, 2015

RE: Certificate of Need Application  
Turner Surgery Center, LLC - CN1503-009

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on April 1, 2015 and end on May 1, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Dan Elrod, Esq

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING  
JUNE 24, 2015  
APPLICATION SUMMARY**

**NAME OF PROJECT:** Turner Surgery Center

**PROJECT NUMBER:** CN1503-009

**ADDRESS:** 28 White Bridge Road, Suite 210  
Nashville (Davidson County), Tennessee 37205

**LEGAL OWNER:** Turner Surgery Center, LLC  
28 White Bridge Road, Suite 210  
Nashville (Davidson County), Tennessee 37205

**OPERATING ENTITY:** Not Applicable

**CONTACT PERSON:** Dan Elrod, Esquire  
(615) 651-6702

**DATE FILED:** March 13, 2015

**PROJECT COST:** \$547,150.00

**FINANCING:** Cash Flow/Reserves

**PURPOSE OF REVIEW:** The establishment of a single specialty ambulatory surgical treatment center (ASTC) with one (1) procedure room limited to pain management procedures

**DESCRIPTION:**

Turner Surgery Center is seeking approval to establish a single specialty ambulatory surgical treatment center (ASTC) containing one procedure room limited to the implantation of spinal neurostimulator devices and other pain management procedures at 28 White Bridge Road, Suite 210, Nashville (Davidson County), TN 37205.

## SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Ambulatory Surgical Treatment Centers (*Revised May 23, 2013*)

*The following apply:*

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.<sup>2</sup> An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

*The applicant is projecting 216 cases in Year One (2015) and 288 cases in Year Two (2016) based on using the proposed ASTC two days per month. In Year Two the applicant will not meet the minimum requirement of 1,867 cases per procedure room. The applicant is proposing a specialty ASTC with cases limited to spinal cord neurostimulators and other pain management procedures. In the future, the applicant may expand use of the facility to other physicians to perform spinal injections and other pain management procedures on their patients.*

*It appears this criterion has not been met.*

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

*Based on an average of 55 total minutes per procedure, the projected surgical hours will be 3.80 hours per week or 198 hours in Year One, and 5.07 hours per week or 264 hours in Year Two.*

*It appears this criterion has been met.*

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available<sup>3</sup>) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

*The applicant has provided a utilization table of all ASTCs in the proposed service area for 2011, 2012 and 2013. The tables are located in Attachment C, Need-5.*

*It appears this criterion has been met.*

***Note to Agency members: Agency staff has reviewed 2014 ASTC Joint Annual Report Data that has been published since the completeness of this application. The revised 2014 data is included in this summary.***

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.



**Note to Agency members:**

**For a dedicated outpatient operating room:**

- Full Capacity is defined as 1,263 cases per year.
- Optimum Capacity is defined as 70% of full capacity, or 884 cases per year.

**For a dedicated outpatient procedure room:**

- Full Capacity is defined as 2,667 cases per year.
- Optimum capacity is defined as 70% of full capacity, or 1,867 case per year.

There are a total of four single-specialty pain management ASTCs in the proposed service area (3 in Davidson County and 1 in Rutherford County). The proposed service area single-specialty pain management ASTCs representing 3 operating rooms (ORs) and 6.33 procedure rooms (PRs) provided 14,238 cases in 2014 and averaged 1,526 cases or 81.7% of the optimum utilization standard. Please refer to the table below.

**Note to Agency Members:** HSDA staff contacted the two specialty pain management ASTCs representing the three (3) ORs and verified the three (3) ORs are being used as procedure rooms. For purposes of this review, it is typical for single specialty pain management ASTCs to use only non-sterile procedure rooms. HSDA staff classified the 3 ORs as procedure rooms using the 1,867 cases per procedure room optimum utilization standard in determining need.

Single Specialty ASTC Operating and Procedure Room Utilization in the 3  
County Service Area

ASTC	County	# ORs/PRs	Cases	# Cases per PR	% of meeting Optimum Standard of 1,867 per room
Premier Radiology Pain Management	Davidson	0/2	2,087	1,044	55.9%
St. Thomas Outpatient Neurosurgical Ctr.	Davidson	2/1	3,890	1,297	69.4%
Tennessee Pain Surgery Ctr.	Davidson	1/3	8,169	2,042	109%
*Spine and Pain Surgery Center, LLC	Rutherford	0/1 *(.33)	92	92	14.9%
<b>Total</b>		<b>3/6.33=9.33</b>	<b>14,238</b>	<b>1,526</b>	<b>81.7%</b>

Source: Tennessee Department of Health, Division of Health Statistics, 2014 Joint Annual Reports

\*Spine and Pain Surgery Center, LLC, (formerly Interventional Pain Physicians Surgery Center) opened on March 1, 2014 and reported 92 cases for the quarter 3/1/2014 to 6/30/2014 only in the 2014 JAR.

\*\*Since the Spine and Pain Surgery Center was only open for 122 days in 2014, the 1 PR counts as .33 (121 days/365 days)

*There are a total of 10 multi-specialty ASTCs performing pain management in the service area representing a total of 51 ORs and 11 procedure rooms. The 10 multi-specialty ASTCs provided 6,015 pain management surgical cases representing 12.4% of overall surgical procedures in 2014 for multi-specialty ASTCs providing pain management services. HSDA staff calculated 2014 service area utilization at 32.9% of optimum utilization capacity (1,867 Cases per Procedure Room), and 92.3% of optimum utilization capacity for operating rooms (884 Cases per Operating Room).*

*Since neither the single specialty nor the multi-specialty ASTCs are meeting the optimum utilization standard, it appears that this criterion has not been met.*

***Note to Agency members: There were reporting errors in the 2014 Spine and Pain Surgery Center 2014 Joint Annual Report regarding the number of Operating Rooms and Procedure rooms. HSDA staff contacted the Spine and Pain Surgery Center on June 4, 2015 and clarified there is only one procedure room. A representative of Spine and Surgery Center stated for 2015 the ASTC is now averaging 100 cases per month and projects an additional 50 cases per month when additional payers are added.***

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

*216 cases are projected in Year One and 288 cases in Year Two based on 2 days per month. All cases will be performed in a procedure room. Single specialty pain management ASTCs in the service area representing 3 ORs and 6.33 PRs were utilized at 81.7% in 2014 when using the optimal utilization standard (1,867 cases per procedure room).*

*There are a total of 10 multi-specialty ASTCs performing pain management in the service area representing a total of 51 ORs and 11 procedure rooms. The 10 multi-specialty ASTCs provided 6,015 pain management surgical cases representing 12.4% of overall surgical procedures in 2014 for multi-specialty ASTCs providing pain management services. HSDA staff calculated 2014 PR service area utilization at 32.9% using the optimum utilization standard (1,867 Cases per Procedure Room), and 92.3% for ORs using the OR optimum utilization standard (884 Cases per Operating Room).*

*Since neither the single specialty nor the multi-specialty ASTCs are meeting the optimum utilization standard, it appears that this criterion has not been met.*

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

*The majority of patients reside within 60 minutes of the facility.*

*It appears this criterion has been met.*

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available

*Metro-Davidson County public transportation is available.*

*It appears this criterion has been met.*

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*The majority of patients originate in Davidson, Rutherford and Wilson Counties which constitute approximately 50% of Dr. Schooley's patients (Davidson - 19%; Rutherford - 24%; Wilson - 7%). The applicant provided a patient origin chart*

*in Attachment C, Need 1.b.(8), detailing the patient origin of Dr. Schooley's patients from July 1, 2014 to December 1, 2014.*

*It appears this criterion has been met.*

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*Projected utilization ranges from 54 cases in the first quarter to 72 cases in the eighth quarter. The applicant assumes the projected annual utilization will be distributed evenly throughout the year. The projection is based solely on Dr. Schooley's analysis and judgment regarding his patients.*

*It appears this criterion has been met.*

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care (AAAHC), the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

*The applicant will apply for accreditation by the Accreditation Association of Ambulatory Health Care (AAAHC).*

*It appears this criterion has been met.*

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

*The facility is planned to be only used by Dr. Schooley to implant spinal neurostimulators for pain management.*

*It appears this criterion has been met.*

- 11 Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

*The following are medically underserved designated areas in the proposed 3 county service area: 1) all of Wilson County, 2) the Christiana Division of Rutherford County, and 3) the Bordeaux/Inglewood Division and 20 census tracts located within Davidson County.*

*It appears this criterion has been met.*

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

*Since the applicant is not a hospital, this standard is not applicable to this proposed project.*

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*Currently over 40% of the applicant's private practice are enrolled in TennCare. The applicant intends to contract with all MCOs that serve within the Middle Tennessee region.*

*It appears this criterion has been met.*

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

*Not applicable. The proposed pain invention procedures will average 55 minutes.*

## STAFF SUMMARY

*Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.*

The applicant, Turner Surgery Center, LLC, seeks to establish a specialty ASTC limited to the implantation of spinal cord neurostimulators and other pain management procedures 2 days per month. Turner Surgery Center, LLC, is owned by Dr. William Schooley, a board certified neurosurgeon. Currently, Dr. Schooley practices in the group Neurosurgical Associates, a group of 6 neurosurgeons with their principal office located at 2400 Patterson Street, Nashville (Davidson County), TN which is in close proximity to HCA TriStar Centennial Medical Center. Dr. Schooley is the only neurosurgeon of Neurosurgical Associates that performs outpatient surgical procedures to implant spinal cord neurostimulators for pain management.

In the future, Dr. Schooley and other physicians, including the 5 remaining neurosurgeons of Neurological Associates, plans to possibly use the proposed ASTC to perform spinal injection procedures and other pain management procedures on their patients.

The proposed ASTC will occupy vacated space formerly occupied by MUA of Middle Tennessee. MUA of Middle Tennessee, LLC (CN1009-045A), was originally approved at the December 15, 2010 Agency meeting for the establishment of a single-specialty one procedure room ambulatory treatment center (ASTC) providing only manipulation under anesthesia services.

*Note to Agency Members: A letter dated March 4, 2015 from the Tennessee Department of Health confirms the closing of MUA of Middle Tennessee, LLC. The licensure file for MUA of Middle Tennessee, LLC closed effective February 28, 2015.*

An overview of the project is provided on pages 4-5 of the original application.

### Need

Dr. Schooley currently has privileges at Centennial Surgery Center (CSC) and is basing the need for this project on the following:

- Some of Dr. Schooley's patients are reluctant to use CSC because it is located in a congested, high traffic area.
- Dr. Schooley has experienced difficulty in scheduling cases at CSC because the types of procedures he performs are a low priority for CSC.

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- Medtronic devices are strongly preferred by Dr. Schooley; at CSC Dr. Schooley states he has no control over the staff or type of neurostimulator device that is available for his patients.

*Note to Agency Members: In 2014, Centennial Surgery Center, a multi-specialty ASTC performed 6,774 total outpatient cases of which 594 or 8.7% were pain management cases. From 2012 to 2014, CSC experienced a 62% decrease in pain management cases from 1,569 in 2012, to 594 in 2014. Please refer to the service area Historical Capacity and Utilization of Multi-Specialty Pain Management ASTCs chart on page 12 of this summary for additional information and a comparative analysis.*

### **Ownership**

Turner Surgery Center, LLC is a Tennessee registered limited liability company (LLC) formed December 8, 2014. Turner Surgery Center, LLC is solely owned by William Schooley, MD. A curriculum vita (CV) for Dr. William Schooley is located in Attachment B.I.

### **Facility Information**

- Turner Surgery Center will lease 1,980 square feet of floor space of an existing office building located at 28 White Bridge Road, Suite 210, Nashville (Davidson County), Tennessee 37205, from NOL, LLC.
- A floor plan drawing is included in Attachment B.IV. – Floor Plan.

### **Equipment**

- There is no major medical equipment involved with this project. The applicant will lease a Fluoroscopy C-Arm for \$104,150.00. A certificate of need is not required for this equipment since the cost is under \$2,000,000.

### **Service Area Demographics**

Turner Surgery Center's declared primary service area is Davidson, Rutherford, and Wilson counties.

- The total population of the service area is estimated at 1,091,860 residents in calendar year (CY) 2015 increasing by approximately 6.5% to 1,162,789 residents in CY 2019.
- The total 65+ age population is estimated at 124,675 residents in CY 2015 increasing approximately 17.4% to 146,369 residents in 2019.
- The overall statewide population is projected to grow by 3.7% from 2015 to 2019.
- The 65+ age population in the state of Tennessee overall is expected to increase 12.0% during the same timeframe.

- The latest 2015 percentage of the proposed service area population enrolled in the TennCare program is approximately 18.6%, as compared to the statewide enrollment proportion of 21%.

*Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.*

### Service Area Historical Utilization

The table below reflects the utilization trends for single-specialty ASTCs limited to pain management.

#### Historical Capacity and Utilization of Single-Specialty Pain Management ASTCs within 3 Co. Service Area

County	ASTC	ORs/PRs 2014	2012 Cases	2013 Cases	2014 Cases	% change 12'-14'
Davidson	Premier Radiology Pain Management (Single Specialty)	0/2	0/2	0/2	0/2	
	<b>Total Outpatient Surgery Cases</b>		<b>3,196</b>	<b>2,634</b>	<b>2,087</b>	<b>-34.6%</b>
Davidson	St. Thomas Outpatient Neurosurgical Ctr.	2/1	2/1	2/1	2/1	
	<b>Total Outpatient Surgery Cases</b>		<b>5,465</b>	<b>3,198</b>	<b>3,890</b>	<b>-28.8%</b>
Davidson	Tennessee Pain Surgery Ctr.	1/3	1/3	1/3	1/3	
	<b>Total Outpatient Surgery Cases</b>		<b>8,960</b>	<b>9,985</b>	<b>8,169</b>	<b>-8.8%</b>
Rutherford	Spine and Pain Surgery Center, LLC	0/1 (.33)*			0/1	
	<b>Total Outpatient Surgery Cases</b>		<b>n/a</b>	<b>n/a</b>	<b>92</b>	<b>n/a</b>
	<b>Service Area Totals</b>	<b>3/ 6.33 = 9.33</b>				
	OR/PR		3/6=9	3/6=9	3/6.33=9.33	n/a
	Total Pain Management Surgery Cases		17,621	15,817	14,238	-19.2%
	Cases per OR/PR		1,957	1,757	1,526	-22%

*Source: Tennessee Department of Health, Division of Health Statistics, 2012-2014 Joint Annual Reports*

*\* Spine and Pain Surgery Center, LLC, (formerly Interventional Pain Physicians Surgery Center) opened on March 1, 2014 and reported 92 cases for the time period 3/1/2014 to 6/30/2014 in the 2014 JAR.*

*\*\*Since the Spine and Pain Surgery Center was only open for 122 days in 2014, the 1 PR counts as .33 (121 days/365 days)*

- In 2014 there were four single specialty ASTCs providing pain management services.
- There was a 19.2% decrease in total single-specialty pain management ASTC surgeries cases in the service area from 17,621 in 2012 to 14,238 in 2014.
- The three single-specialty pain management ASTCs reporting for the time period of 2012 to 2014 all reported a decrease in cases ranging from 8.8% to 34.6%.



## Historical Capacity and Utilization of Multi-Specialty ASTCs within 4 Co. Service Area

			2012 (Final)	2013 (Final)	2014 (Final)		
County	ASTC	OR. Rms/ Proc. Rms	Cases	Cases	Cases	PM % of Total	% change 12'-14'
Davidson	Baptist Ambulatory Surgery Center	6/1					
	Pain Management		1,178	1,341	1,381	19.5%	+17.2%
	<b>Total Outpatient Cases</b>		<b>7,443</b>	<b>7,137</b>	<b>7,068</b>		<b>-5%</b>
Davidson	Baptist Plaza Surgicare	9/1					
	Pain Management		340	398	459	5.6%	+35%
	<b>Total Outpatient Cases</b>		<b>8,215</b>	<b>8,094</b>	<b>8,094</b>		<b>-1.5%</b>
Davidson	Centennial Surgery Center	6/2					
	Pain Management		1,569	1,035	594	8.7%	-62%
	<b>Total Outpatient Cases</b>		<b>7,491</b>	<b>7,214</b>	<b>6,774</b>		<b>-9.6%</b>
Davidson	Northridge Surgery Center	5/2					
	Pain Management		296	254	232	8.7%	-21.6%
	<b>Total Outpatient Cases</b>		<b>2,863</b>	<b>2,954</b>	<b>2,650</b>		<b>-7.4%</b>
Davidson	Premier Orthopaedic Surgery Center	2/0					
	Pain Management		143	659	587	23.1%	+310%
	<b>Total Outpatient Cases</b>		<b>2,277</b>	<b>2,485</b>	<b>2,543</b>		<b>+11.7%</b>
Davidson	St. Thomas Campus Surgicare	6/1					
	Pain Management		1,624	1,407	970	16%	-40%
	<b>Total Outpatient Cases</b>		<b>7,446</b>	<b>7,137</b>	<b>6,078</b>		<b>-18.4%</b>
Davidson	Summit Surgery Center	5/1					
	Pain Management		1,057	869	520	9.7%	-50.8%
	<b>Total Outpatient Cases</b>		<b>5,775</b>	<b>5,474</b>	<b>5,339</b>		<b>-5.7%</b>
Rutherford	Middle Tennessee ASTC	6/1					
	Pain Management		597	638	666	10.6%	+11.5%
	<b>Total Outpatient Cases</b>		<b>6,490</b>	<b>6,552</b>	<b>6,275</b>		<b>-3.3%</b>
Rutherford	Physicians Pavilion Surgery Center	4/1					
	Pain Management		833	543	551	19.5%	-33.8%
	<b>Total Outpatient Cases</b>		<b>2,864</b>	<b>3,032</b>	<b>2,823</b>		<b>-1.4%</b>
Wilson	Providence Surgery Center	2/1					
	Pain Management		88	6	55	7.7%	-37.5%
	<b>Total Outpatient Cases</b>		<b>667</b>	<b>771</b>	<b>707</b>		<b>+6.0%</b>
	<b>Service Area Totals</b>						
	OR/PR		51/11=62	51/11=62	51/11=62		
	Pain Management		7,725	7,150	6,015	12.4%	-22.4%
	<b>Total Outpatient Cases</b>		<b>51,531</b>	<b>50,850</b>	<b>48,351</b>		<b>-6.2%</b>
	Cases per OR/PR		831	820	780		-6.1%

Source: Tennessee Department of Health, Division of Health Statistics, 2012-2014 Joint Annual Reports

The above utilization table reflects the following for multi-specialty ASTCs performing pain management services:

- In 2014 there were ten (10) multi-specialty ASTCs in the service area providing pain management services.
- Total multi-surgery pain management surgical cases decreased 22.4% from 7,725 in 2012 to 6,015 in 2014.

- 6.1% decrease overall in cases per OR/PR in multi-specialty ASTCs from 831 in 2012 to 780 in 2014.

### 2014 Service Area Multi-Specialty Utilization Analysis

County	ASTC	# Operating Rooms	Operating Room Cases	% of 884 OR Standard	# Procedure Rooms	Procedure Room Cases	% of 1,867 Standard
Davidson	Baptist Ambulatory Surgery Center	6	5,687	107.2%	1	1,381	74%
Davidson	Baptist Plaza Surgicare	9	7,635	96%	1	459	24.6%
Davidson	Centennial Surgery Center	6	4,973	93.8%	2	1,801	48.2%
Davidson	Northridge Surgery Center	5	2,290	51.8%	2	360	9.6%
Davidson	Premier Orthopaedic Surgery Center	2	2,543	143.8%	0	0	n/a
Davidson	St. Thomas Campus Surgicare	6	5,108	96.3%	1	970	52%
Davidson	Summit Surgery Center	5	4,826	109.2%	1	513	27.5%
Rutherford	Middle Tennessee ASTC	6	5,609	106%	1	666	35.7%
Rutherford	Physicians Pavilion Surgery Center	4	2,272	64.4%	1	551	29.5%
Wilson	Providence Surgery Center	2	652	36.8%	1	55	3%
	<b>Service Area Totals</b>	<b>51</b>	<b>41,595</b>	<b>92.3%</b>	<b>11</b>	<b>6,756</b>	<b>32.9%</b>
	<b>Cases per OR</b>		<b>815</b>		<b>Cases per PR</b>	<b>614</b>	

Source: Tennessee Department of Health, Division of Health Statistics, 2014 Joint Annual Reports

- 2014 service area utilization calculated at 32.9% using 1,867 Cases per Procedure Room, and 92.3% for operating rooms using the 884 Cases per Operating Room standard as the baseline numbers for purposes of determining need as a percentage of optimum utilization.
- Cases per multi-specialty OR calculated at 815 (884 optimum utilization standard) and 614 (1,867 optimum utilization standard) per procedure room, both below the optimum utilization standard.

## **Project Cost**

Major costs are:

- Facility Lease- \$330,000, or 60.3% of cost.
- C-Arm Equipment Lease- \$104,150, or 19% of the total cost.
- For other details on Project Cost, see the Project Cost Chart on page 20 of the application.

## **Financing**

- A letter dated March 19, 2015 from the accounting firm Medical Practice Management, Inc. indicates the applicant has more than sufficient cash flow from ownership in Neurological Associates to cover the capital equipment and operational needs of the proposed project.
- In addition, an unaudited personal financial statement provided by Dr. Schooly located in Attachment C, Economic Feasibility, 2 reflected net worth of \$2,785,462.

## **Historical Data Chart**

Since the applicant is applying for the establishment of an ASTC, a historical data chart did not apply.

## **Projected Data Chart**

The applicant projects \$1,375,557.00 in total gross revenue on 216 cases during the first year of operation and \$1,834,076 on 288 cases in Year Two (approximately \$6,368 per case). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$239,764 in Year One increasing to \$468,531 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach \$821,666 or approximately 44.8% of total gross revenue in Year Two.
- Charity care at approximately 1.2% of total gross revenue in Year One and in Year Two equaling to \$16,507 and \$22,009, respectively.
- Charity Care calculates to 2.60 cases in Year One and 3.46 cases in Year Two.

## **Charges**

In Year One of the proposed project, the average pain management charges are as follows:

- The proposed average gross charge is \$6,368/case in 2015.
- The average deduction is \$3,515/case, producing an average charge of \$2,853/case.

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**Medicare/TennCare Payor Mix**

- TennCare- Charges will equal \$547,720 in Year One representing 39.8% of total gross revenue.
- Medicare- Charges will equal \$299,940 in Year One representing 21.8% of total gross revenue.

**Staffing**

The applicant's proposes to use the following clinical staff two days per month, 10 hours per day as ASTC direct patient care staff:

- One (1) Registered Nurse and
- One (1) Surgery Tech

**Licensure/Accreditation**

Turner Surgery Center will apply to be licensed as an ASTC by the Tennessee Department of Health, Division of Health Care Facilities and will seek Accreditation from the Association for Ambulatory Health Care.

*Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in two years. The applicant seeks to open the ASTC on August 1, 2015.

**CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates for other health care organizations in the service area proposing this type of service.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME 6/10/2015



**State of Tennessee  
Health Services and Development Agency**

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**LETTER OF INTENT**

The Publication of Intent is to be published in the Tennessean which is a newspaper  
(Name of Newspaper)  
of general circulation in Davidson, Tennessee, on or before March 10, 2015,  
(County) (Month / day) (Year)  
for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Turner Surgery Center, a proposed specialty ambulatory surgical treatment center  
(Name of Applicant) (Facility Type-Existing)

owned by: Turner Surgery Center, LLC with an ownership type of limited liability company

intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: to establish a specialty ambulatory surgical treatment center in approximately 1,980 sq. ft. of leased space in Suite 210, 28 White Bridge Road, Nashville, TN 37205. The location was previously occupied and operated as a specialty ambulatory surgical treatment center by MUA of Middle Tennessee. Turner Surgery Center, LLC, is solely-owned by William Schooley, M.D., and the proposed surgery center will be limited to implantation of spinal neurostimulator devices and other pain management procedures. The cost of the project is approximately \$533,000.00. The project does not involve any licensed beds or the initiation of any service for which a certificate of need is required.

The anticipated date of filing the application is: March 15, 2015

The contact person for this project is Dan Elrod Attorney  
(Contact Name) (Title)

who may be reached at: Butler Snow LLP 150 3<sup>rd</sup> Avenue South, Suite 1600  
(Company Name) (Address)

Nashville TN 37201 615 / 651-6702  
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] March 10, 2015 dan.elrod@butlersnow.com  
(Signature) (Date) (E-mail Address)

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**The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:**

**Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243**

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** May 30, 2015

**APPLICANT:** Turner Surgery Center, LLC  
28 White Bridge Road, Suite 210  
Nashville, Tennessee 37205

CN1503-009

**CONTACT PERSON:** Dan Elrod, Esquire  
Butler Snow, LLP  
150 3<sup>rd</sup> Ave South, Ste 1600  
615-651-6701

**COST:** \$547,150

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, Turner Surgery Center, LLC, seeks Certificate of Need (CON) approval to establish an Ambulatory Surgical Treatment Center (ASTC), limited to single specialty implantation of spinal neurostimulator devices and other pain management procedures.

The proposed ASTC will be located at 28 White Bridge Road, Suite 210, Nashville, TN 37205. This space is approximately 1,980 square feet and will house one procedure room. The leased space was formerly occupied by MUA of Middle Tennessee (approved CON # CN1308-031) to perform manipulation under anesthesia. MUA of Middle Tennessee no longer resides in the space and the facility is not currently occupied.

Turner Surgery Center, LLC, is solely owned by Dr. William Schooley, a board certified neurosurgeon whose practice is located at 2400 Patterson Street, Nashville, TN. This is a group practice comprised of six neurosurgeons and named Neurosurgical Associates. At present, Dr. Schooley is the only member of the group that performs surgical procedures to implant spinal cord neurostimulators for pain management. While the initial operating plan for the ASTC is to be used solely by Dr. Schooley, should patient volumes exceed Dr. Schooley's capacity, additional training and use by other physicians in the group to perform pain management procedures may be possible.

The 1,980 sq ft. space at 28 White Bridge Road will be leased from NOL, LLC at a rate of \$5,500 per month for a term of five years. A copy of the lease is provided in the application.

## GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

### NEED:

Patients experiencing significant chronic pain may be treated for pain relief by implantation of a neurostimulator device. Small electrodes are surgically placed inside the patient's epidural space that sends electrical signals to areas near the spine. The device sends pulses that disrupt the pain signals traveling between the spinal cord and the brain in order to mask the patient's pain.

Patients that may be good candidates for the procedure may have chronic pain from conditions such as failed back surgeries, nerve root injuries, neuralgia, complex pain syndrome I&II, and who have undergone extensive screening, failed at other pain treatment alternatives, and desire to improve their function and quality of life by decreasing their chronic pain.

The applicant's proposed service area will include Davidson, Rutherford and Wilson counties which constitute approximately 50% of where Dr. Schooley's patients reside (Davidson - 19%; Rutherford - 24%; Wilson - 7%), with the balance of patients too widely divided among surrounding counties to be included in the primary service area.

County	2015 Population	2019 Population	% of Increase/ (Decrease)
Davidson	663,151	688,318	3.8%
Rutherford	302,237	338,904	12.1%
Wilson	126,472	135,567	7.2%
<b>Total</b>	<b>1,091,860</b>	<b>1,162,789</b>	<b>6.5%</b>

Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics, 2020, June 2013, Revision

According to the applicant, Dr. Schooley is currently only privileged to perform implantation services at Centennial Surgery Center (CSC). The applicant states that it has become increasingly difficult to schedule his patients at Centennial Surgery Center as they "are a low priority for CSC" due to the low volume of patients, and that some patients are reluctant to use CSC due to the location and highly congested traffic. This project will provide better access to pain management procedures for Dr. Schooley's patients

Also, at CSC, Dr. Schooley has no control over the staff or type of neurostimulator devices to be used for his patients. Dr. Schooley prefers to use the Medtronic device as they are MRI safe and may be left in place during an MRI exam. However, Dr. Schooley has no assurance that this type of device will be available at CSC unless he provides them at the time of procedure.

### Single Specialty Pain Management ASTC, 2014

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2014 Patients
Premier Radiology Pain Management	Davidson	0	0	2	2,087	1,366
St. Thomas Outpatient Neurosurgical	Davidson	2	3,890	1	0	1,958
Tennessee Pain Surgery	Davidson	1	2,098	3	6,071	8,169
Spine and Pain Surgery Center, LLC	Rutherford	1	0	2	92	92
<b>Total</b>		<b>4</b>	<b>5,988</b>	<b>8</b>	<b>8,250</b>	<b>6,128</b>

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2014 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

### Multi-Specialty Pain Management ASTC, 2014

Facility		# ORs Rooms	# Procedure Rooms	Total Cases	2014 Patients
Baptist Ambulatory Surgery Center	Davidson	6	1	2,892	1,381
Baptist Plaza Surgicare	Davidson	9	1	1,096	459
Centennial Surgery Center	Davidson	6	2	1,305	594
Northridge Surgery Center	Davidson	5	2	440	232
Premier Orthopedic Surgery Center	Davidson	2	0	1,346	587
St. Thomas Campus Surgicare	Davidson	6	1	3,957	970
Summit Surgery Center	Davidson	5	1	1,154	520
Middle Tennessee ASTC	Rutherford	6	1	1,903	666
Physicians Pavilion Surgery Center	Rutherford	4	1	1,603	551
Providence Surgery Center	Wilson	2	1	177	55
<b>Total</b>		<b>51</b>	<b>11</b>	<b>15,873</b>	<b>6,015</b>

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2014 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

*Note to Agency Members: The Department of Health is not able to determine which cases were performed in Operating Rooms vs Procedure Rooms for Multi-Specialty ASTCs.*

#### **TENNCARE/MEDICARE ACCESS:**

Dr. Schooley is currently contracted with all TennCare MCOs with over 40% of his patients being TennCare enrollees. Turner Surgery Center intends to also contract with all regional TennCare MCOs, Medicare, and serve medically indigent patients. The applicant expects to have an estimated \$547,720 in TennCare charges (40% payer mix) and \$299,940 in Medicare charges (29% payer mix) in year one.

**ECONOMIC FACTORS/FINANCIAL FEASIBILITY:** The Projected Costs Chart is located on page 20 of the application. The total estimated project cost is \$547,150

Because the space was formerly occupied by an ASTC, only minimal capital expenditures will be needed resulting in a projected positive first year financial outcome. Due to the limited scope of practice, a fluoroscopic C-arm will be leased for operation, but no major equipment is included in the project. A personal financial statement for Dr. Schooley is provided in Attachment C, Economic Feasibility -2 detailing his ability to fund the project.

**Historical Data Chart:** Dr. Schooley performed 51 neurostimulator implantation surgeries in 2012, 67 surgeries in 2013 and 18 surgeries in 2014.

**Projected Data Chart:** The Projected Data Chart is located on page 24 of the application.

The project's average gross charge for each implantation of a neurostimulator will be \$6,368. The average deduction is estimated to be \$3,515 and the average net charge is estimated to be \$2,853. The applicant projects 216 cases in 2015 and 288 cases in year two, with gross operating income of \$1,375,557 and \$1,834,076 respectively. The net operating revenue is projected to be \$239,764 and \$468,531 for the first two years.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

Accessibility to the proposed site is available and serviced by a Nashville Metro Transit Authority bus route. In addition, the site is located approximately 1.6 miles from Interstate 40 making it easily accessible.

The applicant believes that there is no alternative that would be less costly or more efficient than making use of an existing facility that was previously used as an ASTC. The facility will need only minor modifications thus contributing to economic feasibility, orderly development and helping to produce a positive revenue in the first two years.



According to the applicant, in April 2014, CMS changed its policy regarding reimbursement of for in-office neurostimulator procedures, reducing the global reimbursement from approximately \$5,500 to just over \$600 for in-office settings, making it almost financially impossible to offer the service in-office. Also, due to the low professional reimbursement rate, it would be difficult for Dr. Schooley to perform the procedures in another ASTC that currently provides pain management. The applicant provided a reimbursement chart in Supplemental 1, page 6, detailing reimbursements in different facility scenarios.

The facility use one Registered Nurse and one Surgical Technologist two day per month, 10 hours per day at an estimated rate of \$35/hour.

### **SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

### **AMBULATORY SURGICAL TREATMENT CENTERS**

#### **Determination of Need**

1. **Need.** The minimum numbers of 884 Cases per Operating Room and 1,867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1,867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to specific type or types should apply for a Specialty ASTC.

*The applicant is seeking approval for a single specialty ASTC limited to pain management including the implantation of neurostimulator devices. The applicant expects to use the facility only two days per month with year one volumes of 216 patients, and year two volumes of 288 patients. The normal time needed for each case is 55 minutes, including 10 minutes for patient preparation, 30 minutes for the procedure, and 15 minutes for cleanup. The number of cases will increase as other physicians desire to use the facility.*

2. **Need and Economic Efficiencies.** An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

*The applicant expects the center will be utilized 198 surgical hours the first year. This projection is based on 55 minutes total time per case, X 216 cases, divided by 60 minutes.*

*The applicant expects the center will be utilized 264 surgical hours the first year. This projection is based on 55 minutes total time per case, X 288 cases, divided by 60 minutes.*

3. **Need; Economic Efficiencies; Access.** To determine current utilization and need, an applicant should take into account both the availability and utilization of either: all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician

office based surgery rooms (when those data are officially reported and available) OR, all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

*The applicant provided a utilization chart for all ASTCs located in the service area in Attachment C, Need-5. The TDH compared facilities that provide pain management services in single and multiple service ASTCs in the charts below.*

#### Single Specialty Pain Management ASTC, 2014

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2014 Patients
Premier Radiology Pain Management	Davidson	0	0	2	2,087	1,366
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Tennessee Pain Surgery	Davidson	1	2,098	3	6,071	8,169
Spine and Pain Surgery Center, LLC	Rutherford	1	0	2	92	92
<b>Total</b>		<b>4</b>	<b>5,988</b>	<b>8</b>	<b>8,250</b>	<b>6,128</b>

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2014 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

#### Multi-Specialty Pain Management ASTC, 2014

Facility		# ORs Rooms	# Procedure Rooms	Total Cases	2014 Patients
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Centennial Surgery Center	Davidson	6	2	1305	594
Northridge Surgery Center	Davidson	5	2	440	232
Premier Orthopedic Surgery Center	Davidson	2	0	1,346	587
St. Thomas Campus Surgicare	Davidson	6	1	3,957	970
Summit Surgery Center	Davidson	5	1	1,154	520
Middle Tennessee ASTC	Rutherford	6	1	1,903	666
Physicians Pavilion Surgery Center	Rutherford	4	1	1,603	551
Providence Surgery Center	Wilson	2	1	177	55
<b>Total</b>		<b>51</b>	<b>11</b>	<b>15,873</b>	<b>6,015</b>

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2014 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

*Note to Agency Members: The Department of Health is not able to determine which cases were performed in Operating Rooms vs Procedure Rooms for Multi-Specialty ASTCs.*

- 4. Need and Economic Efficiencies.** An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

#### Single Specialty Pain Management ASTC, 2014

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2014 Patients
Premier Radiology Pain Management	Davidson	0	0	2	2,087	1366
St. Thomas Outpatient Neurosurgical	Davidson	2	3,890	1	0	1958
Tennessee Pain Surgery	Davidson	1	2,098	3	6,071	8169
Spine and Pain Surgery Center, LLC	Rutherford	1	0	2	92	92
<b>Total</b>		<b>4</b>	<b>5,988</b>	<b>8</b>	<b>8,250</b>	<b>6,128</b>

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2014 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

*For single specialty pain management ASTCs, there were a total of 4 operating rooms in which 5988 cases were performed in 2014. These operating rooms averaged 1497 cases or 80% of full capacity.*

*There were a total of 8 procedures rooms in which 8,250 cases were performed in 2014. These procedures rooms averaged 1,031 cases per room or 55% of full capacity.*

**5. Need and Economic Efficiencies.** An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

*The applicant expects to use the facility only two days per month with year one volumes of 216 patients, and year two volumes of 288 patients. The normal time needed for each case is 55 minutes, including 10 minutes for patient preparation, 30 minutes for the procedure, and 15 minutes for cleanup. The number of cases will increase as other physicians desire to use the facility.*

*The project will be targeted to Dr. Schooley's patients for implantation of neurostimulators and other pain management procedures and should have only minimal impact upon existing providers. Should other physicians have a desire to use the facility, the number of cases would increase accordingly.*

## Other Standards and Criteria

**6. Access to ASTCs.** The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

*The majority of the population in the Service Area resides within 60 minutes average driving time to the facility.*

**7. Access to ASTCs.** An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

*The facility is located on White Bridge Road approximately 1.6 miles from Interstate 40, and is serviced by a Nashville Metro Transit Authority bus route.*

**8. Access to ASTCs.** An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*The applicant provided a chart, Attachment C, Need 1.B, detailing the patient origin of Dr. Schooley's patients. The majority of patients originate in Davidson, Rutherford and Wilson counties which constitute approximately 50% of Dr. Schooley's patients (Davidson - 19%; Rutherford - 24%; Wilson - 7%), with the balance of patients too widely divided among surrounding counties to be included in the primary service area.*

**9. Access and Economic Efficiencies.** An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

*The first eight quarter volumes are projected with 54 patients for each quarter of the first year and 72 patients per quarter for the second year.*

**10. Patient Safety and Quality of Care; Health Care Workforce.**

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

*The applicant plans to qualify for accreditation by the Accreditation Association of Ambulatory Healthcare.*

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

*Initially, Dr. Schooley will be the only physician performing procedures at the facility. Dr. Schooley is a board certified neurosurgeon qualified to perform pain management services. Before any other physicians are allowed to practice at the facility, all necessary qualifications will be met. The applicant also states that Dr. Schooley is willing to demonstrate to and train other physicians interested in the implantation process.*

**11. Access to ASTCs.** In light of Rule 0720-11.01, this lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration.

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

*Dr. Schooley is contracted with all TennCare MCOs and the applicant intends to contract with all the TennCare MCOs and Medicare as well. Approximately 40% of Dr. Schooley's patients are TennCare enrollees.*

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times? The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

NA